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FOREIGN TRADE OUTLOOK

Overview

Australia's economic outlook appears favorable. Spending on capital investment, home purchases, and construction remained steady in 1988, with inflation and unemployment rates showing some declines. In the Australian fiscal year (FY) 1987-88, the government produced the first federal budget surplus in 35 years.

Australia's economic growth rate is currently around 3 percent per annum and forecast to remain in this range over the next several years. An overall improvement in Australia's international competitiveness, strong world demand, and negotiated labor and wage restraints are all contributing to sustained growth.

The United States is Australia's second largest trading partner, with bilateral transactions amounting to US$10.5 billion in 1988. The United States, Australia's principal supplier, had a market share of 21.1 percent in FY 1987-88. The value of U.S. exports to Australia was approximately US$7 billion in 1988. Australia is the 11th largest market for U.S. exports and ranks fourth in the Far East-Pacific region (Japan, Taiwan, and Korea ranked first, second, and third, respectively.)

U.S. sales are concentrated mainly in the area of machinery, transportation equipment, computer software, and peripherals. Australia also provides a sizable market for U.S. chemicals, scientific equipment, plastics, paper products, and automatic data processing equipment.

Promising Export Areas

Australia's economic prospects appear favorable for the immediate future. Therefore, the country's market should provide opportunities for a variety of exports from the United States.

The information supplied in this report is not intended to serve in lieu of legal counsel. Such advice may be obtained from attorneys in the United States who specialize in foreign law. A list of attorneys in Australia may be obtained from: Australia Desk, International Trade Administration, U.S. Department of Commerce, Washington, D.C. 20230, or from Department of Commerce district offices located in 47 cities around the United States. More detailed information on current economic developments in Australia and an analysis of their implication for American business interests may be obtained by ordering the most recent Foreign Economic Trends report from the Department of Commerce in Washington or from the nearest district office. Political and other background information on Australia is available in the Background Notes series of reports prepared by the U.S. Department of State. Annual subscriptions for all of the reports appearing in the Foreign Economic Trends and Background Notes series may be purchased by writing to the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

The Australian economy is remarkably diversified, with strong mining, agricultural, manufacturing, transport, financial, and service sectors. Some of the world's largest discoveries of minerals and energy sources have been made in Australia during recent years. Massive uranium, nickel, bauxite, iron ore, diamond, gold and natural gas developments will create expanded commercial opportunities.

Australia's agricultural sector offers an excellent opportunity for U.S. exporters of farm machinery. Other capital goods having a particularly high potential for increased sales in Australia include computers and peripheral equipment, mining and heavy construction equipment, industrial instrumentation, business machines and equipment, manufacturing automation and software, chemicals and chemical products, medical instruments and supplies, communications equipment and systems, food processing and packaging equipment, automotive maintenance and repair equipment, pharmaceuticals, and financial management consultancy services.

In addition, Australians spend a sizable proportion of their incomes on leisure-time activities. Sales opportunities in the consumer goods area should increase for recreational, camping and sporting equipment, kitchenware and implements, hand tools, hardware of all types, marine hardware, toys and games, and furniture.

Finally, there is a broad range of major development projects in various planning stages. They include petroleum refineries, pipelines, transportation systems, power stations, minerals processing installations, and others. Sales opportunities for equipment and services to these projects should be exceptionally promising.

Key favorable factors associated with trading with Australia include commercial practices similar to those in the United States, the common language and customs, a very high standard of living, a relatively young and growing population, a rapidly developing industrial complex, and vast resources requiring further development. However, similarities in American and Australian business practices sometime give the impression that for American business selling in Australia presents fewer problems than in other countries. If U.S. exports are to compete successfully with exports from third countries and Australian production, the United States must maintain high-quality products, aggressive salesmanship and competititve pricing.

Several unfavorable factors affecting trade with Australia include high but declining import duties, a small domestic market limiting economies of scales benefits, intense domestic competition, high freight and transport cost, and labor disruptions.

INDUSTRY TRENDS

Gross Domestic Product

Australian gross domestic product (GDP), at current prices, exceeded US$220 billion in 1988. This represents an estimated growth of 3.6 percent over the 1987 GDP figure of US$182 billion when held at constant price term.

In 1988 per capita GDP, at current prices, amounted to about US$13,391. Statistics for 1986 released by the Organization for Economic Cooperation and Development (OECD) indicate that Australia's standard of living ranked 12th (behind Canada).

Although the Australian economy has generally shown steady growth, its growth rate has fluctuated widely. For example, in 1986 GDP grew at 4.6 percent, but in 1987 this rate fell to 2.7 percent. These swings in the growth rate are due, in large part, to the country's heavy dependence on sales of commodities -- especially wool, wheat, meat, and mineral resources -- for its export earnings. Sales of these commodities are also affected by climatic conditions and world prices. While the economy is still susceptible to the vagaries of world prices for agricultural products and the problems of drought, the nation has significantly lessened its dependence on the rural sector.

Agriculture

Australia is the world's largest meat exporter, with the United States and Japan importing roughly 80 percent. It ranks second in sugar exports, third in exports of dairy products and wheat, and fourth in apples. The sheep-raising industry is the most important area of farm production. In 1987-88, the gross value of wool exports is estimated to have reached US$4.6 billion. Meat (principally beef and veal) and meat preparations is the second most important farm product and the fifth largest earner of foreign exchange. Production of beef and veal in 1985-86 totaled almost 656,000 tons (carcass weight), muton 113,000 tons, lamb 268,000 tons, and pork almost 270,000 tons. Other important activities in the agricultural sector include the raising of grain, primarily wheat but also oats and barley and dairying. In recent years, about 55 percent of the total rural output has been exported. Australia exports over 90 percent of its wool, 70-80 percent of its wheat, and up to 65 percent of its beef.

Forestry

Australia's land area suitable for the production of commercial timber is very small in comparison with the continent's land mass. The potential commercial forest land is estimated at about 55 million acres, or about 3 percent of the land; however, the total forested area is roughly 10 times the size. Large areas of low-grade forest and woodland are suitable only for the production of small quantities of forest products for local use. Many areas of commercial forest have low-growth potential because of soil or climatic conditions. Australia consumed an estimated 4.2 million cubic meters of sawn home-grown timber in FY 1986-87. Plywood consumption amounted to almost 78 million square meters in FY 1986-87.

Fisheries

There are over 3,000 species of fish in Australian and surrounding waters. Fishing is carried out continually in estuarine, coastal, and offshore Australian waters, mostly in waters off the east coast. Crustaceans caught in Australia waters include crayfish, prawns, crabs, and freshwater lobsters.

Edible molluscs include oysters, scallops, mussels, squid, octopus, and cuttlefish. Australia maintains a 200-nautical mile fishing zone in all waters off the coast line. Whaling within this economic zone is strictly prohibited.

The production of fish during FY 1985-86 amounted to almost 63,731 tons (estimated live weight) and had a gross value of US$34 million. A meager export earner a few years ago, the fishing industry will, in time, surpass mutton, barley, dried fruits, cheese, and possibly butter, as an earner of foreign exchange. The bulk of the catch is exported to the United States.

Mineral Resources

In the last several years, the Australian mining industry has undergone a period of consolidation rather than expansion. Yet Australia has retained its major supplier role to international markets through continued increases in the volume of production, concerted efforts to bring improved efficiency in the operation, diversity of export markets, and reduced dependency on a few major customers. Although the mining sector provides only 1 percent of employment, it accounts for 8 percent of GDP and contributes to over 40 percent in export earnings.

Australia produces about 65 commercially significant minerals. Their value exceeds US$4 billion a year and is rising steadily. Australia is the world's largest coal exporter, with exports reaching 90 million tons in 1986. Australia is also the world's leading producer of bauxite and alumina, the second largest producer of zinc, and the third largest producer of lead. In 1986, Australia's gold production increased for the sixth successive year, reaching 73,817 kilograms, making the country the fourth ranking gold producer in the Western world.

Australia is 70 percent self-sufficient in crude oil. Australia possesses about 470,000 tons of uranium oxide, representing about 20 percent of the West's known reserves of low-cost uranium.

Industrial Sector

Over the last few decades, the Australian manufacturing industry has undergone steady growth. In FY 1986-87, the value of manufacturing production (a value-added figure calculated by deducting materials and utilities from the value of output) was US$25 billion. The value of manufacturing production accounts for about 19 percent of GDP.

Industrial self-sufficiency has been vigorously pursued, and a great deal has been achieved. A domestic market of about 16.5 million people will not economically support some classes of industry, such as the manufacture of certain specialized machines, heavy fabricating, automobiles, electrical equipment, some industrial chemicals, and sophisticated scientific equipment. Apart from these items, the market is generally supplied by domestic manufacturers supplemented with imports.

Total new capital expenditure by private nonfarm enterprises (seasonally adjusted) amounted to almost US$9.7 billion in FY 1987; manufacturing industry

(i.e., private business subject to payroll tax) amounted to US$3.6 billion. New capital expenditures on new buildings and structures reached almost US$3.2 billion; new expenditures on other new capital equipment exceeded US$1.6 billion. Sectors recording significant increases in new capital expenditures included mining; chemicals, petroleum, and coal products; transport equipment; food and beverages; fabricated metal products; paper, paper products, printing, and publishing; and the wholesale and retail trade. Individual sectors showing significantly less new capital expenditure than in the previous fiscal year included steel and utilities. Currently, private capital investment is slack, due to high interest rates and concern of rekindled inflation.

Processing Food and Fibers. - The textiles, food, drink, and tobacco industries employ over 20 percent of the labor force in secondary industry. Together, with clothing and footwear, they absorb about 28 percent of the manufacturing work force and accounted for over 20 percent of the value of secondary production in FY 1986-87.

With minor exceptions, the capacity for milling grain and processing foodstuffs is sufficient for both internal consumption and exports. Almost all grain milled in Australian is home grown. Some products of the food processing industry are flour, breakfast foods, macaroni, dextrose, glucose, cleaned rice, rice meal and flour, oatmeal, rye flour, pearl barley, split peas, and potato starch and flour. Other important food processing industries are bakeries; confectionaries; jam, fruit, and vegetable canning; butter, cheese, and processed milk; and bacon curing, meat, and fish preserving.

Forest Products. - Industries based on timber and wood pulp have accounted for about 8 percent of secondary industries' production value in recent years. Capacity in the sawmilling industry exceeds log supply. Australian sawn timber provides 80 percent of the demand, including virtually all the hardwood requirements. Capacity for manufacturing wooden furniture is adequate to satisfy the local market.

Pulp, paper, and paperboard production is a major activity. Newsprint production in FY 1985-86 approached 364,685 tons. Production of paper and paperboard amounted to 1.2 million tons in FY 1985-86.

Industrial Metals, Machines, and Conveyance. - This group contributed about 45 percent of the value of secondary production in FY 1986-87 and employed about the same percentage of the industrial labor force. Included in this grouping are smelting, converting, refining, and rolling of iron and steel; foundries machinery manufacture, including machine tools; motor vehicle manufacture and repair; sheet metal fabrication; and wire and wire working.

Large expansion programs have characterized the steel industry. Steel production in Australia, almost entirely the preserve of the Broken Hill Proprietary Company Limited (B.H.P.) and its subsidiaries, originates at the company's three major sites Newcastle and Port Kembla in New South Wales and Whyalla in South Australia.

Australia's motor vehicle industry has operated at a loss since the early 1980s. By the middle of 1987, it was selling fewer cars than it did in 1968.

General Motors-Holden, Ford, Nissan, Mitsubishi, and Toyota are the top five automobile manufacturers in Australia. Between 1980 and 1985, total losses by these five vehicle makers amounted to US$543.1 million. Even with high levels of protection, the Australian market (about 600,000 passenger vehicles annually of which 100,000 are imports) is simply too small to support five manufacturers.

The Australian Government is striving to reduce by 1992 the number of automobile manufacturers from five to three, and the number of models from 13 to 6, while promoting the use of standardized components by all manufacturers and a greater Australian equity management participation rate of foreign-owned companies. By 1992 the industry will operate behind a 57.5 percent tariff, without import quota protection. This also includes an 85 percent local content requirement (currently in place) and up to a 15 percent export facilitation scheme. Demand from the automobile industry for accessories and spare parts has stimulated production and improved the quality in the general engineering industry.

The agricultural implement industry is of special importance because of the demand for mechanized equipment, including large-scale wheat farming machinery. Several types of tractors are produced locally. A significant rebound in this industry is occurring due to the end of Australia's worst drought and increased world demand for its crops. In addition, U.S. equipment is preferred over the cheaper, less reliable implements from East Europe.

The majority of firms in the electrical engineering industry are small to medium size, averaging about 40 employees. Although there is a reasonably varied range of production, few manufacture motors exceeding 135 horse-power and have large power-generating equipment.

Chemicals. - Primary raw materials, such as coal, sugar, limestone, petroleum, sulfur, and salt, are used to produce basic chemicals, including ammonia, caustic soda, chlorine, ethyl alcohol, ethylene, methanol, pherol, soda ash, and sulfuric acid. From these and other chemicals, a wide range of products are derived including dyestuffs, explosives, fertilizers, pharmaceuticals, cosmetics, plastics, insecticides, and soaps.

There are approximately 80 major petrochemical plants producing carbon black, sulfur, ethylene, butadiene, styrene, polyethylene, polyvinylchloride (PVC), epoxy resins, detergent alkylate, styrene butadiene, rubber, ammonia, methanol, urea, carbon tetrachloride, glycols, and ethylene oxide.

Most raw materials including PVC are made in large quantities in New South Wales. Other large companies in the petrochemical field include Esso-Mobile Australian Carbon Black Ltd., Farbwerke Hoechst A.G., Monsanto (Australia), Dow Chemical, and B.F. Goodrich.

Promotion of Research and Invention

The Commonwealth Scientific and Industrial Research Organization (CSIRO), the largest scientific research organization in Australia, carries out research on technical problems which face primary and secondary industries. The main aim

of CSIRO is to maximize economic and social benefits for Australia by contributing to commercially viable innovation.

TRADE REGULATIONS

The Australian Government historically has used high tariff rates, quotas, and import licenses as a means of assisting Australian industries against import competition. New or developing industries may be granted tariff protection until the industry's production is stabilized and costs are reduced. Federal legislation also provides for the application of special duties to offset the effects of import "dumping."

Tariff rates are set by the government based on recommendations prepared by the Industries Assistance Commission, an independent advisory board. The commission is responsible for advising on all forms of industry assistance and publishing its recommendations in public reports. Investigations into requests for protection are conducted at public hearings before the commission. Inquires may also be initiated by the commission into any industry whose assistance has been unchanged or unreviewed for at least 6 years. The government may then incorporate the recommendations into bills for consideration by the Parliament. Tariff debates, with few exceptions, result in enactment of the proposals into law. The commission may also recommend protection through the use of quantitative restrictions in circumstances where the tariff alone is not considered an appropriate measure of protection.

Australia has pledged not to increase tariffs on certain "bound" commodities. These bound commodities are negotiated under the General Agreement on Tariffs and Trade (GATT), an international agreement to which the United States is a party. In addition to the GATT, Australia takes part in a full range of international economic organizations, including the Organization for Economic Cooperation and Development (OECD) and the International Monetary Fund (IMF).

Recent Tariff Reductions

In the May 1988 Economic Statement, the federal government announced plans to dramatically cut tariff rates and remove certain forms of industry assistance. Tariff rates greater than 15 percent will be phased down to 15 percent over the next 4 years. Rates between 15 and 10 percent inclusive will be phased down to 10 percent. Products exempted from this phase-down include textiles and apparel, motor vehicles, and select chemicals which are to be lowered by only 5 percentage points.

The accelerated reductions represent a cut of approximately 20 percent in average protection levels for the manufacturing industry, a change in the effective rate of assistance from 19 to 14 percent by 1992. A 2 percent revenue duty on imports has also been abolished. Government schemes which artificially prop up the domestic prices of farm products, such as butter, sugar, tobacco and some fruit, are to be phased down as well.

Industries most affected by the tariff cuts include electrical insulators with current tariff rates of 40 percent; beer 37 percent, batteries and cranes 35

percent; hydraulic jacks, escalators, bracket conveyors, furniture 30 percent; mining gear, transformers, elevators and concrete mixers 25 percent; and much of the metal manufacturing industry also around 25-30 percent.

Multilateral Trade Agreements

The Australian Government is a signatory to the GATT Import Licensing Code, the Meat and Dairy Products Code, the Customs Valuation Code, the Antidumping Code, and the Subsidies Code (with reservations). However, Australia is not a signatory to the GATT Civil Aviation Code, Government Procurement Code, Technical Barriers to Trade Code (Standards Code), and the Counterfeit Code.

Import Tariff System

Australia's tariff system is a dual-column schedule, which provides for both general and preferential duty rates. Preferential rates are applied to goods from developing countries, declared preference countries, and a wide range of products from South Pacific Forum Island countries, as well as to certain imports from Canada, New Zealand, and Papua New Guinea. The general rate applies to all other countries.

All preferencial rates are set at 5 percentage points below the general rate or are free when the general rate is 5 percent or less. For textiles, clothing, and footwear (TCF) products, the margins are generally 10 percentage points for countries that do not exceed a certain share of imports in a 12-month assessment period. Countries that exceed the threshold are excluded from preference for the relevant calendar year. Beginning March 1, 1989, a uniform five point margin will be applied to TCF products from all developing countries. A wide range of handicrafts enter duty free without quota limitations.

In 1984, Australia and New Zealand enacted the Closer Economic Relationship Agreement (CER) . The CER supersedes the New Zealand-Australia Free Trade Agreement of 1966. The CER agreement calls for the progressive elimination of tariffs on goods exported between the two countries. Since the majority of trans-Tasman trade already comes in duty free, there will not be a major loss of duty revenue. The CER does offer opportunities for U.S. firms to enter the Australian market where the duty may be high or other restrictions imposed. To qualify for preference status goods must comply with the conditions prescribed for the granting of preferences set out in the Customs Act and Regulations.

An important provision of the Australian tariff system is the Commercial Tariff Concession System (CTCS), which allows for a reduction in duties on imported goods where it is established that no goods serving a similar function are produced or capable of being produced in Australia. Goods currently admissible under the CTCS are listed in the Schedule of Commercial Tariff Concessions, an Australian customs publication.

Applications for reduced tariffs are usually submitted by Australian importers or users of the imported goods to the Australian Customs Service Therefore, the U.S. exporter should contact the appropriate Australian firms directly.

Applications should be made to the Tariff Concessions Branch, Department of Industry and Commerce, Canberra, ACT, 2600 Australia.

Information regarding Australian duty rates on specific products may be obtained from the Australia Desk, Room H-2308, International Trade Administration, U.S. Department of Commerce, Washington, D.C. 20230, or from any U.S. Department of Commerce district office. Inquiries should contain a complete product description, including the Harmonized System (HS) commodity classification number, if known.

Basis of Duty Assessment

Australia implemented the International Harmonized Tariff System on January 1, 1988. Duty rates are assessed on the customs value on the price actually paid or payable for the good, f.o.b. port of shipment. Applicable rates of customs duty may be ad valorem (i.e., a percentage of the customs value), fixed, composite, alternate (e.g., 20 percent or, if higher, US$0.16/kg), or free. Import duties are payable in Australian currency. The official rate of exchange at time of publication is A$.81 = US$1.00.

The dutiable weight for the collection of specific duties in Australia is generally the actual weight of the imported merchandise. Therefore, packing and wrappings have no effect on the dutiable weight. Australia uses the metric system.

Tariff Quotas and Licenses

Products subject to tariff quotas include textiles, clothing, footwear, and passenger motor vehicles. A license is required to import used heavy earthmoving and construction equipment, four-wheel drive vehicles, and materials handling equipment, such as trucks and stackers. More specific details on goods subject to import quotas, including details of quota allocation and tendering procedures and requirements, can be obtained from the Australian Customs Service.

Drawback and By-Law for Export Schemes

The Customs Service administers two provisions that exempt goods imported into Australia and then later exported from customs duties, excise duties, and sales tax collection. These are 1) Drawback and 2) By-Law for Export.

Drawback provisions provide a duty and sales tax refund previously paid on goods if they are later exported. By-Law for Export provisions provide for duty-free admission of imported goods that are intended for later export. The two schemes cover goods that are imported and used in the manufacture of products for export or are exported in their original state.

However, goods that are not ingredients in the end-product, such as fuels, lubricants, solvents, and the like are not eligible for concessions. In addition, second hand goods, i.e., goods that have been used in Australia, are not eligible for concessions. By arrangement with the Australian Customs Service, the concessions of Drawback and By-Law for Export may be allowed when imported and Australian materials of a like nature are mixed in the

manufacture of products for export. Identification of the imported goods may be established by documentary evidence rather than by physical inspection. The exporter is thus relieved of the necessity to segregate the imported and local material.

Entry and Reexportation

Entry. - All imported goods enter under the specific control of the Australian Customs Service. Within 7 days of entry, all goods must be registered for home consumption, warehousing, transshipment, or removal to a place specified in the entry documents. There are no free ports in Australia. If it is necessary to place the goods in quarantine, they are allowed entry 7 days after release from quarantine. All imports are subject to the usual harbor, wharfage, and handling charges.

Irrespective of size or value, all shipments to Australia require an invoice, which must include a description of all goods, quantities, number of packages, and identification marks of docking ship or aircraft. The invoice must show sufficient identification to permit calculation of the value of duty, such as selling price, f.o.b. charges, and certificate of value and origin.

Goods may, by permit, be repacked or shipped on the wharf. Transit goods may be landed at a wharf or airport or transshipped direct to the vessel or air transport. They may enter for warehousing to be reexported at a later time. No fee, other than handling fees, are charged on transit shipments.

Goods stored in warehouses may be reexported without payment of duties even though they have been declared for consumption but have not cleared through customs. If goods have been cleared for consumption and a decision is later made to reexport them, it is possible to obtain a refund of the duties paid (except on spirits, wine, beer, tobacco, cigars and cigarettes, or opium) if they are reexported in the original packages in which imported or in packages packed in the presence of an officer. If goods are reexported in other than the original packages, reshipments must be made within 3 years from payment of duty.

If the owner of the goods cannot immediately supply the full details for complete entry and makes a declaration to that effect, a sight entry may be allowed, which, upon approval by the collector, will serve as a warrant for the landing and examination of the goods. A completed entry of the goods must then be made within 7 days from the date of issue of the sight entry.

Merchandise not entered within 7 days may be removed to a warehouse. Merchandise not claimed and properly entered within 6 months from date of warehousing may be sold by the collector. Perishable goods may be sold at any time by determination of the collector, before or after warehousing. Entry of goods under invoice or trade designation is preferable to entry under tariff item description, although the appropriate tariff item number should be noted as well.

Warehousing. - Customs warehousing provisions permit the deferment of duty payment on goods until the imported goods are entered into the general

commerce of Australia. All imported goods except those that do not require an import duty or are prohibited goods can be warehoused.

Warehouses operate under strict licenses issued by the Customs Service. There are four general classes of licensed warehouses: general warehouses, for warehousing goods; private warehouses, for warehousing goods belonging to the licensee only; machinery warehouses, for warehousing machinery and similar heavy or bulky goods; and warehouses for storing goods for use, under such conditions as may be prescribed for such warehouses, in any manufacture, trade, or process, and for carrying on in such warehouses any manufacture, trade, or process.

Operations permitted in licensed warehouses are as follows:

- storage;
- blending of petroleum products;
- blending, reducing, or bottling of spirits;
- repacking of goods provided the character of the goods is not changed;
- preventive maintenance of machinery or other goods liable to degeneration due to natural causes; and
- reassembly of goods partly disassembled for the purpose of transport, e.g., motor vehicles.

In addition, a warehouse license may authorize specific classes of manufacture or processing of goods beyond the scope of those normally permitted activities as detailed above.

As a general rule, display of goods is not permitted in licensed warehouses, with the exception of duty-free shops. Designated duty-free shops are licensed warehouses that are permitted to display and retail goods specifically for export.

Samples and Advertising Matter

Advertisements and product samples with no commercial value can enter duty free, provided the materials are not designed to advertise the sale of goods in Australia. Samples of commercial value and other printed advertising matter are subject to an import duty of approximately 25 percent.

Arrangements may be made for the temporary admission of dutiable samples, either by importers in Australia or by commercial travelers, by depositing a security for the duty amount, subject to refund or cancellation if the samples are reexported within 6 months from the time of entry. Customs officials require a statement describing the goods and specifying the purpose of importation and the port of reexportation. To facilitate examination, customs officials should be notified when the goods are to be packed for reexport.

Advance Rulings on Customs Classification

Australian customs officials willingly render an advance ruling on goods prior to shipment, provided a sufficient description is given so that the customs

classification may be determined. Such decisions are regarded as binding, with no responsibility for subsequent tariff rate changes assumed by the customs authorities. U.S. exporters, Australian importers, or any other interested parties may make application for an advance customs ruling.

Anti-dumping Provision

Under the Customs Tariff Anti-Dumping Act, a dumping duty may be imposed on goods sold to Australian importers at a price which is less than the "normal value" of the goods, when such sales cause or threaten substantial injury to the domestic industry. Normal value is defined as the fair market value in the country of export; price in the country of export to a third country; fair market value in a third country; or a production costs, plus f.o.b. export charges, plus selling costs and profit.

Cash securities equal to the price may be required during the investigation of dumping charges, and before final dumping duties are imposed.

Internal Taxes

In addition to customs duties, sales tax and excise duties may be levied on imported goods. Sales tax is a single stage, multi-rate tax levied at the wholesale point of sale, either by an importer, wholesaler or manufacturer to a retail trade outlet. In the case of imports, the tax is collected on entry, and is assessed on an ad valorem basis on the customs value of the goods. Excise taxes are imposed mainly on beer, spirits and wine, and tobacco and petroleum products. The tax is levied as a specific rate per unit of quantity.

Shipping Documents

An invoice is required for all commercial shipments (surface or air) to Australia. It is important to supply all pertinent information required on the invoice, including the declaration of value and certification of the country of origin of the goods.

Consular visa or notarial signature are not required. However, the signature on the invoice must be that of a person able to declare, with full knowledge of all circumstances, as to the correctness of the details shown on the invoice. In most cases, it is not possible for a forwarding agent in the United States to have this information. The Bureau of Customs in Australia will query any invoices that are signed in this manner by a forwarding agent, and case deposits may be requested from the importer pending the results of inquiries in the United States. Exporters must complete each invoice column with precision. Marks, numbers, and number of packages must be clearly indicated, and goods must be fully described. The selling price must state whether the f.o.b. charges have been "included" or "excluded" from the amount shown on the invoice.

A bill of lading is required on ocean shipments, but no special form is required. "To order" bills of lading are permissible and are protected under the law. Waybills may be required on shipments by air.

In an attempt to expedite clearance of products sent by ship through customs,

invoices can be sent to Australian Customs by the shipping lines when the ship departs the United States. Electronically sent invoices often reach customs agents several weeks before ship arrival at port.

Marking and Labeling Requirements

Australian law requires that the quantity of a commodity sold in a package must be accurately stated on the main display panel of the package in metric units, in letters of minimum print height, clear of other copy, and with good color contrast. The use of dual marking to indicate various systems of weights and measures, though not prohibited, is not recommended. The word "net" indicated in either upper or lower case, must always be used when expressing quantity in units of mass.

Packaging laws require that certain articles must be packaged in prescribed sizes. State governments have the authority to prescribe these sizes. U.S. exporters should be aware that Queensland may require a pharmaceutical product to be sold in certain sizes, while the New South Wales requires that it be sold in other amounts. Such differences can greatly affect production costs.

All imported articles containing markings in a language other than that ordinarily used by the country of origin is prohibited in Australia unless it also contains a statement in English indicating the country in which the articles were made or produced. Foreign goods bearing the name of an Australian dealer or importer, or any indication that might be regarded as Australian, must also be marked with the country of origin, for example, "Made in U.S.A."

The importation of certain goods is prohibited unless there is applied, in the form of a principal label or brand affixed to the goods or container, a trade description that includes the name of the country of origin. These goods are articles of food or drink and their ingredients; medicines and medicinal preparations; fertilizers; agricultural seeds; plants; textile products and articles of apparel, including boots and shoes; leather; jewelry; china, porcelain, earthenware, and enameled hollowware used in serving food and drink, including kitchenware and kitchen utensils; electrical appliances, apparatus, and accessories; powder puffs; toys; sanitary and lavatory articles; wall, hearth, and floor tiles; and watches, clocks, and movements.

Certain clothing, household textiles, furnishings, piece goods, and yarns supplied by Australian manufacturers or importers cannot be sold without instruction on their care. The new mandatory Care Labeling Information Standard requires adequate instruction regarding general warnings and cleaning instruction. The standard also provides guidance on the type of statement that would be appropriate. Copies of the standard are available from the Standards Association of Australia.

Electrical goods must be checked or approved with either the electricity authority in each state or with the local supply authority, as appropriate. In addition, Australian standard specifications apply to many products, including certain structural building and electrical goods.

Nontariff Import Controls

Import Licensing. - The Industry Assistance Commission is responsible for determining what particular industries in difficulty need to be protected. The industries currently subject to import quotas are clothing, textile, footwear, and motor vehicles. There is no discrimination as to the country of origin in the administration of the controls.

Global quotas, both import licenses and tariff quotas, are issued to Australian importers based on their imports of like goods in an earlier base period. The Australian importer is free to source goods from any country in respect of these quotas. Importers may transfer their quota entitlement to another importer. On an annual basis, the base year is updated to allow for new importers.

The Customs Service in the Department of Trade and Commerce in Canberra is responsible for the administration and issuance of import quotas. Import licenses are issued on the basis of import performance in a base year. If an importer believes his quota has been calculated incorrectly, he may appeal to the Department of Industry and and Commerce, Consumer Affairs Office, Canberra A.C.T. 2600.

In addition, each state maintains a Licensing Advisory Review Board, which examines applications to ensure equitable treatment of individual cases within the framework of government policy decisions. Importers are informed about all administrative changes through public documents, known as "Licensing Instructions," which are issued at frequent intervals.

The granting of an import license implies that the necessary foreign exchange will be available. Licenses issued for imports may be used by the importer for one year. Although import licenses are revocable, the right of cancellation is rarely exercised. The control authorities do not withdraw licenses or permits arbitrarily. Australian officials have granted reasonable tolerances for variations in quantity or value of individual shipments from those specified in import licenses.

The U.S. exporter should ascertain that the importer has obtained an import license when a license is required. Goods imported without the required license are subject to forfeiture, and the importer renders himself liable to the penalities provided under the law. Licenses are obtained by importers in advance of shipment.

Other Nontariff Import Controls. - Under Australian quarantine regulations, certificates of health or freedom from disease are required for all imports of animal and plants. These may be obtained from the local U.S. Department of Agriculture officer. Importation of dangerous drugs, firearms, undesirable publications, and articles deleterious to public health are either prohibited or subject to stringent controls, and imports of certain other products may be subject to special conditions from time to time.

WEIGHTS, MEASURES, AND ELECTRICAL CURRENT

All packages must be marked to show metric equivalents.

Electric circuits generally carry 240 volts, alternating current, at a frequency of 50 cycles per second.

DISTRIBUTION AND SALES CHANNELS

Import Channels

Sales agents, importer-distributors, direct importer-users, and combinations thereof are the principal import channels of operation. In 1988 there were over 10,000 U.S. firms represented in Australia.

Sales agents are commonly used to sell a variety of products, including raw input materials and consumer goods for distribution to large wholesalers and retailers.

Using the services of an agent offers many distinct advantages. An agent's knowledge of the local market and ability to gain access to buyers to arrange appointments for visiting exporters "can prove invaluable," in addition to the ability to conduct follow-up visits to complete negotiations of orders. A sales agent also can check space allotted for display of an exporter's products, help arrange displays, monitor sales, maintain a continuity of contact, and help solve problems on location. Although the preference for buying direct from manufacturers is spreading in Australia, the use of sales agents is still the preferred means of doing business.

Agents or importer-distributors (distributors who import and stock certain lines and take orders for direct shipment of others) are a common channel for the distribution of products involving technical knowledge, service, repairs and parts, and other, more involved services, for the manufacturer. Typical products handled are metalworking machinery and equipment, agricultural and electrical machinery, transportation, medical and scientific equipment, measuring and testing instruments, and certain kinds of consumer durables. Importer-distributors are also frequently used to sell certain kinds of chemical products, textiles, foodstuffs, and other consumer goods when stocking is an important factor. A number of large retailers also buy through purchasing offices in the United States and other countries.

Numerous subsidiaries of foreign manufacturers import direct from parent companies and distribute products to round out or supplement their domestic production. Importing and distributing by an Australian branch or subsidiary is common when the volume is substantial and the foreign parent company wishes to retain control over distribution. There were over 750 American subsidiaries established in Australia in 1988.

A number of well-established companies with nationwide networks of offices perform a broad range of other functions in addition to trading activities.

These functions include financing, customs brokerage, transportation, packaging, manufacturing, and distribution at both the wholesale and retail

levels. These firms are usually excellent representatives for new products seeking market penetration, although they usually import products to complement existing lines.

Marketing Areas

Australia is one of the most sparsely inhabited countries in the world, yet also one of the most urbanized. More than 60 percent of Australia's population lives on the east coast; with over 70 percent of the population living in the six state capital cities and five other major towns. The principal marketing areas, including their populations, are: Sydney (New South Wales), 3.3 million; Melbourne (Victoria), 3 million; Brisbane (Queensland), about 1.2 million; Adelaide (South Australia), over 1 million; Perth (Western Australia), over 1 million; Hobart (Tasmainia), about 185,000; and Canberra (Federal Capital), about 300,000.

For farm materials and equipment suppliers, the principal marketing areas for the sheep-raising industry exist throughout Australia, except the Northern Territory; cattle raising -- Queensland, the Northern Territory, and Western Australia; for grains -- New South Wales and southwestern portion of Western Australia and areas around Whyalla and Adelaide in South Australia, and Brisbane in Queensland; for dairying -- the southwest portion of Australia, the plains around Adelaide, in the western and Gippsland area of Victoria, northern Tasmainia, coastal New South Wales, and southeastern Queensland; for sugar -- Queensland; and for cotton -- northern New South Wales and the Ord River District of Western Australia.

New South Wales is the principal industrial and information technology center of Australia, with Sydney, the capital of the state, serving as the principal marketing center of Australia. Newcastle, the second largest city in New South Wales, functions both as an outlet for the nearby coalfields and as the center of Australia's heavy metal industries.

The State of Victoria closely rivals New South Wales industrially and commercially. Victoria has a highly developed and widely diversified industrial sector and accounts for one-third of the country's manufacturing capacity. In addition to being the center of the aircraft and automobile industries, the state is also prominent in the fields of engineering, chemicals, foodstuffs, textiles, and computer manufacturing.

Most of Victoria's factories are located in Melbourne, the state's capital city, or in nearby Geelong. Geelong and Dandenong serve as the centers for the manufacture of textiles and motor vehicles, while Altona is the site of a large petrochemical complex.

During the last 20 years, Victoria's population has increased from 2.2 million to over 3.8 million, while its factory production has increased about five times. It has been estimated that Victoria has been the recipient of about 40 percent of total new overseas investment made in Australia during the past 25 years. Melbourne is the country's second principal financial market after Sydney and serves as the headquarters for a majority of Australia's largest manufacturing and mining companies. Melbourne is a major oil production center due to its proximity to the Bass strait oil reserves.

In Queensland most industry involves the processing of products from the area's extensive agricultural, pastoral, and mining industries, including sugar, meat, timber, copper, and alumina. Brisbane, the capital of Queensland, is a center of heavy industry devoted primarily to oil refining and fertilizers. Tourism is a major industry along Queensland's coast and the Gold Coast south of Brisbane for instance resembles Miami Beach. The Great Barrier Reef, the country's major tourist attraction, is noted for its abundant coral and fishing. Numerous new tourism resorts are being planned and constructed along the Queensland coast.

The State of South Australia is one of the country's main centers for the production of consumer durables, such as motor vehicles and domestic appliances. The majority of the state's factories are located in Adelaide, the capital, and nearby Salisbury and Elizabeth. Whyalla and Port Pirie are both centers for industries based on the state's mining activity (iron ore, silver, lead, and zinc). Whyalla is also noted for a shipyard capable of building vessels exceeding 100,000 tons.

The Adelaide Science-Technology Park seeks research and development firms from within the country and foreign nations. South Australia is a major market for irrigation equipment, due to its many vineyards.

Perth, the capital of Western Australia, is the state's center of commerce and industry, while neighboring Kwinana is the site of an industrial complex with steel mills, oil refineries, fertilizer plants, and nickel and alumina refining facilities. Large iron ore developments also are located in Western Australia at Mount Tom Price and Mount Newman in the central northwest region. Perth also hosted the America's Cup in 1987.

The greatest growth in Australia is occurring in Western Australia, especially in major mining projects. The Argyle Diamond Fund, the Northwest Gas Shelf project, and a recently discovered large gold field give Western Australia a bright future.

Tasmania, the island state, is the smallest of the Australian states, but is an important producer of foodstuffs, fruit, pulp and paper, mining products, such as copper, zinc, aluminum, and iron ore.

The Northern Territory covers a huge area and has the potential of major mineral funds. Large amounts of uranium are currently processed there.

The Australian Capital Territory, a separate enclave within New South Wales, is where Canberra, the nations capital, is located.

Distribution Centers

As previously stated, markets are highly concentrated, mainly on the east coast and around the six state capital cities. Hundreds and sometimes thousands of miles separate these cities, and thus distribution and freight costs are very high. Therefore, it is often better to ship directly to the area for distribution via the nearest port, if possible.

Sydney is the leading commercial and industrial center in Australia for importers and for manufacturers' agents in many product lines. It is also the largest wholesale center. It is followed closely by Melbourne in importance as a distributing center. Regional offices of the largest distributors and agents are usually located in the capital (or port) cities. It is very difficult for an exporter to develop the Australian market without a good local sales representative. Generally, broad, countrywide coverage can be provided by distributing firms headquartered in Melbourne or Sydney, many of which have representatives in the other state capitals. Distributors in the other capitals are likely to be more local in character. However, representation confined to one area of Australia may warrant only localized distribution. -- Western Australia, for example, has become an active area in which a number of agents have located opportunities for U.S. firms.

Wholesale and Retail Channels

With the growth of the Australian economy has come a shift and blending of the traditional distribution channels. In the past, wholesalers provided the link between manufacturers and retailers. At present, large department and chain stores deal directly with manufacturers who have factories of their own, or through associations of retailers who buy in bulk account for a significant volume of goods. In addition, many manufacturers have established organizations for the purpose of selling direct to retailers, while smaller manufacturers often sell to retailers located in the area adjacent to their factories. Wholesalers also now frequently extend the scope of their activity into the field of manufacturing and retailing.

Wholesaling. - Statistics on wholesale trade in Australia are not available, except from the Australian Trade Commission. Wholesale traders dealing exclusively in products exempt from sales tax are not required to furnish returns, thus statistics on wholesale trade in nontaxable items are understated.

Retailing. - The total value of retail sales of goods (excluding motor vehicles, parts, gasoline, and the like) in Australia (excluding the Northern Territory and Australian Capital Territory) during FY 1986 was US$43 billion compared with US$38 billion for FY 1985. Australian retailing is carried on by 110,500 retail establishments. Of these, retail food stores numbered 39,416; motor vehicles dealers, gasoline, and tire retailers, 26,516; clothing fabrics, and furniture stores, 17,908; and household appliance and hardware stores, 8,196. Service establishments included 17,702 restaurants and licensed hotels, 2,265 hairdressing and beauty salons, and 3,243 licensed clubs.

Commercial Practices

Quotations and Terms of Payment. - Quotations should be based on an f.o.b. U.S. port price, including the cost of outside packaging and inland freight to the nearest port of export. Prices should be quoted in the currency used within the terms of the sales contract. Exporters making quotations in Australian dollars should consult their bank for the prevailing exchange rate.

To determine the most suitable payment terms for its needs, a business firm must also take into account the type of products involved. The foreign departments of most major U.S. banks are well equipped to give service and advice in matters of foreign trading and, particularly, terms of credit.

Credit information and reliability regarding individual Australian firms is available through World Traders Data Reports (WTDR), which are compiled by commercial officers at overseas ports. These reports are available from the U.S. Department of Commerce or from the Department's district offices. This information is also available from private agencies. Principal U.S. credit reporting agencies includes the Foreign Credit Interchange Bureau, National Association of Credit Management, 475 Park Avenue, South, New York, N.Y. 10016; and Dun and Bradstreet, Inc., 99 Church Street, New York, N.Y. 10007.

U.S. companies may also obtain credit information by asking their own local bank to obtain a "bank opinion" from its Australian correspondent bank located nearest to the company in question.

Export Credit Facilities. - Major banks in principal U.S. seaports and industrial centers maintain large, experienced, foreign departments. These banks account for the bulk of export financing in the United States.

The Export-Import Bank of the United States (Eximbank) is one possible source of credit. An independent agency of the United States, it facilitates export financing of major capital equipment, requiring repayment terms over 5 years, by extending direct loans to foreign buyers for a portion of the required financing.

Commercial banks generally provide the remainder of the financing. Eximbank also guarantees a portion of the repayment of medium-term (181 days to 5 years) export credit extended by U.S. commercial banks to foreign buyers without recourse to the U.S. exporters. As such, a bank retains a share of the commercial risk for its own account; it is, however, protected by the Eximbank guarantee against all political risks. Other programs include loans to overseas banks that arrange financing of their customers' import requirements. All disbursements are made against evidence of shipment from the United States.

As with most other export credit agencies in industrialized countries, Eximbank operates a supplier credit program. Eximbank is prepared to extend its comprehensive guaranty of repayment (against specified risks) for nonrecourse export financing to participating U.S. banks, which the banks in turn can extend to their U.S. customers.

Business representatives and bankers (both U.S. and overseas) are invited to make use of Eximbank's counseling services, which include information on money markets in the United States, credit information on overseas buyers, and details regarding Eximbank's programs. Requests for further information may be addressed to Export-Import Bank of the United States, 811 Vermont Avenue, N.W., Washington, D.C. 20571.

TRANSPORTATION AND UTILITIES

Transportation, Ports, and Storage

Australia's transport system radiates from the industrial centers at the main seaports. These centers are linked by railway systems, roads, coastal shipping, and air.

Railways. - The Australian Government railway system comprises about 25,000 route miles and provides the bulk of transport requirements within each state. Although the Commonwealth Government operates strategic lines, including the transcontinental between South and Western Australia and the Central Australian lines running south from Darwin in the Northern Territory and north from the South Australian system, each state system is separately administered by the respective state authority. The completed Tarcoola, South Australia, and Alice Springs, Northern Territory segment covers 520 miles. In addition to government-owned railways, about 650 miles of private railways are available for public use.

The railways have met the challenge of the road haulers with more efficient and competitive services. Diesel-electric locomotives have cut operating costs, and the flexivan system, which quickly transfers loaded vans from trucks to railcars, has helped attract new business. Hauling loaded trailers on flatcars, called the "pick-a-back" service in Australia, has increased rail traffic on the transcontinental route where highway conditions are poor. Australian rail freight charges tend to favor country areas. Rural produce benefits from low rates to the capital cities, where it is consumed or exported.

Roads. - Australia's large road network of over 497,000 miles services a population of 16 million who drive nine million cars. The busiest interstate route, Hume Highway of the National Highway, links Sydney and Melbourne; 40 percent of the route is dual carriageway. The government in 1982 launched a national program designed to upgrade substantially the Australian road network as part of its 1988 bicentennial celebration. This ambitious plan to resurface and improve many of Australia's principal roads around the country has been achieved.

Airlines. - Because of the vast distances involved, air transport plays an important role in the transfer of goods between the capital cities and the more distant inland points of the continent. Ten airlines operate national domestic service over a network of 95,000 miles, anchored by Australian Airlines (TAA), owned by the federal government, and Ansett (ANA), the major airline subsidiary of Ansett Industries. The other eight airlines operate feeder services throughout Australia. In addition, Qantas, the government owned international airline based in Sydney, flies to over 27 countries on four continents. Australia also is served by more than 30 international airlines, including United Airlines and Continental Airlines.

Sydney and Melbourne are the principal international jet airports, but Darwin, Perth, and Brisbane also handle significant volumes of international traffic.

Cairns, a resort area along the Gold Coast region, just completed building a new international airport. Airfare competition has only occurred among the regional carriers. U.S. travelers are well advised to buy internal Australian travel tickets at the same time as purchasing international tickets in order to save on ticket costs. Locally purchased airfares are extremely expensive.

In FY 1986-87, the Australian internal airlines logged almost 276,974 hours and about 85 million miles. Embarkations numbered 12.5 million, and passenger kilometers totaled about 12 billion. Freight uplifted amounted to about 137,692 tons. On the international side, operations of Australia's own regular overseas services in FY 1985-86 included almost 2.7 million embarkations and about 92,000 tons of freight uplifted.

Shipping. - Australian shipping has responded to the needs of industrialization and the competition of road and rail services. Coastal shipping has a vital role in the transportation system. Although interstate shipping carries only about 5 percent of all goods transported, it moves half the long-distance bulk freight. The industry has extensive plans to cope with future traffic growth. Bulk carrying is already established for most of the coal, cement, ore, sugar, and oil carried around the coast. There were 219 Australian coastal trading vessels of 150 gross tons or more, including interstate and interstate vessels, with deadweight of 11.6 million tons as of the end of FY 1986-87. Interstate shipping comprises both vessels in interstate trade and vessels trading between Australia and overseas and in the course of their voyage proceeding from one state to another. In FY 1985-86, overseas cargo discharged in Australia totaled an estimated 27.6 million tons. Overseas cargo loaded totaled an estimated 237.5 million tons.

Australia has about 66 ports of commercial significance. Principal ports are Melbourne, including Geelong (Victoria), Sydney (New South Wales), Fremantle (port of Perth in Western Australia), Adelaide (South Australia), Brisbane (Queensland), Port Kembla (New South Wales), Newcastle (New South Wales), Hobart (Tasmainia), and Whyalla (South Australia). Rapid progress has been made in the 5-year modernization program to equip the port of Sydney with facilities to serve cargoes and to handle the rapidly increasing traffic in coal and products of heavy industry. International container centers are located at Fremantle, Melbourne, Sydney, and Brisbane, with connecting services around the coast. Roll-on, roll-off service is available in Australia.

The larger Australian ports are connected by regular service with the other leading trading ports in the world. Australian carriers like A.C.T. Lines make the voyage between the United States East Coast and Australia in 31 days.

Adequate storage and handling facilities for any type of commodity, including frozen foods and perishables, usually can be located without difficulty. Many of the large transportation and forwarding companies and a large number of other firms maintain warehouses, including bonded facilities, in or near every large city. For information on warehousing, see "Entry and Reexportation."

Utilities

Electricity is readily available in all parts of Australia. With the exception of a relatively small amount of electricity produced in remote areas by mining companies, the generation and public supply of electricity in Australia is the responsibility of government entities.

Installed electric generating capacity exceeded 27,000 MW in 1986. About 74 percent is thermal power equipment using coal, about 21 percent is hydro, and over 2 percent is internal combustion and gas turbine equipment. Tasmainia, the only state with sufficient water resources to permit the continuous operation of large hydroelectric stations, accounts for about one-half of Australia's hydroelectric potential.

Preliminary figures indicate that almost 120 billion kilowatt hours were generated during FY 1985-86. The rate of increase in the domestic use of electricity can be attributed to the wider use of electrical appliances, the extension of rural electrification, and the surge in home building. The annual domestic consumption of electricity per consumer unit (each dwelling) has more than doubled since 1950. Manufacturing industries account for about 44 percent of total consumption.

Each electricity supply authority has its own schedule of rates and usually offers a number of alternative systems of charging. Because of variations in detail between these schedules, overall comparisons of the cost of electricity in different areas of Australia are not practicable. In many cases, particularly for large users, rates may be the subject of direct negotiation. Charges for reticulated gas supplies vary according to location and quantity consumed, but in most state capitals the cost is roughly similar, on a thermal basis, to that for electric power.

A US$13.5 billion project is under way to develop the natural gas fields on the North-West Continental Shelf. Development of the region's proven gas reserves of 13 trillion cubic feet is the largest single resource development projects ever undertaken in Australia.

Phase I, to supply domestic markets of south-west Western Australia, entailed the construction of a pipeline to service the mainland. Phases II and III incorporate establishing offshore platforms and refineries. Most of the output will be sold to Japan.

ADVERTISING AND MARKET RESEARCH

Advertising Media

Expenditures for advertising in Australia, one of the most promotion-mined countries in the world, amounted to almost US$3.5 billion in 1988, as compared with approximately US$3 billion in 1986. Television handles the largest percentage of advertising in Australia (33 percent), closely followed by the metropolitan newspaper (27.2 percent), other newspapers and magazines (21 percent), outdoor (6.2 percent), radio (8.8 percent), and cinema (1.6 percent). There are 167 commercial radio stations and 217 commercial television stations.

The advertising industry is highly organized and is national in scope, with the decisionmaking in national campaigns and programs, particularly in TV, radio, and outdoor work, largely centered in Sydney and Melbourne. Companies are staffed and equipped to provide integrated services of almost any nature in virtually any marketing area. A number of major Australian and American advertising agencies have offices in Sydney and Melbourne, and some maintain branch offices in the other state capitals. There are local companies in each of the states providing programs and facilities for advertising. Public relations firms are both local and national in scope, while movie advertising is predominately local and is oriented primarily toward the promotion of domestic consumer goods. There are restrictions on the use of foreign-made commercials on Australia's broadcasting system.

Market Research and Trade Organizations

Marketing Research. - In the Australian market, research firms are oriented primarily toward consumer goods. Market research, covering all generally recognized objectives of such studies, are offered by a number of firms and individuals.

Reports and findings of Australia's leading economic research organizations frequently provide valuable source material for marketing studies. Several of the organizations are interested primarily in fields directly related to marketing, such as retailing, consumer behavior, and wholesaling. Further information concerning marketing research facilities in Australia may be obtained from the Institute of Applied Economic and Social Research, University of Melbourne, Victoria, Australia, and the Market Research Society of Australia (N.S.W.), 5 Yindela Street, French's Forest, New South Wales, 2086, Australia.

Trade Organization. - There is an Australian trade association for almost every form of agricultural, commercial, and industrial endeavor. Australian trade organizations conduct market research on behalf of their members and prepare a variety of other reference materials. They sometimes provide information to nonmembers, but may do so only within the framework of a reciprocal exchange of data.

In addition to the National Chamber of Commerce in Canberra, individual chambers have been established in each of the six state capitals and in Darwin. These chambers provide services similar to those of their U.S. counterparts.

The American Chamber of Commerce with over 1,500 members in Australia, offers assistance to American business in Australia. Its head office is located at 50 Pitt Street 8th Floor, Sydney, New South Wales, 2000. Branch offices have been established in Melbourne, Brisbane, Adelaide, and Perth.

Trade Fairs

Australian trade fairs are important sales tools and present excellent forums for introducing new firms and products to the Australian market. These fairs also serve as meeting places for producers to check on competitive lines, for

licensors to negotiate arrangements, and for technicians to exchange ideas and learn of recent developments in their fields.

Although Sydney and Melbourne are the principal sites for the international trade fairs held in Australia each year, Brisbane, Perth, and Adelaide also host major international fairs. The trend in Australia is toward the specialized vertical fair and away from the so-called universal or horizontal multi-industry fair. This trend is well established, so that Australian business executives in specialized fields usually have only a limited number of fairs a year that they regularly attend or exhibit products.

Space is limited and often rented by perennial exhibitors. Therefore, newcomers interested in participating must apply early. Australian customs regulations permit foreign products to enter duty free for display at scheduled fairs and exhibitions. Additional information may be obtained from the Office of Trade Promotion, International Trade Administration, U.S. Department of Commerce, Washington, D.C. 20230.

The Australian International Engineering Exhibition (AIEE) is held annually alternatively between Sydney and Melbourne during September. It is the country's largest trade show. Brisbane was the venue for the 1988 World Expo which attracted a host of foreign countries.

CREDIT

Banking System and Other Financial Institutions

Since 1980 the Australian financial system has been transformed from a highly regulated and closed system to a more open and competitive one. Similar to the British system, banking in Australia has developed on a branch banking pattern and provides a well-established comprehensive banking system.

There are four domestic and 16 foreign trading banks (commercial banks) serving a population of 16.5 million; Australia has one of the highest ratios of banks to population in the world.

The Reserve Bank is the focal point of the banking system, and its duties, powers, and activities are similar to those of central banks in other countries. The Reserve Bank is controlled by a board consisting of a governor and deputy governor, a secretary of the treasury, and seven other members.

In the FY 1988-89 Australian budget, the distinction between trading and savings banks were removed. Trading banks had provided two types of deposit facilities: current accounts for checking purposes that were payable on demand and fixed accounts deposited for specified periods. Savings bank accounts were available for those who wish to earn interest on their savings while being able to withdraw their funds on demand. Trading banks accounted for about 90 percent of both banking system deposits and advances.

Australia now has a banking industry with increased access to foreign markets, via new banks, with foreign investors having greater access to Australian markets.

Availability of Capital

Local Capital Participation. - The Australian banking system offers many services to business executives who invest in Australia. If a company has an account with an Australian commercial bank, the firm can usually obtain loans on a overdraft basis for short-term needs or, in certain cases, it can obtain longer term loans. The request to consult the Reserve Bank does not apply to the subscription of equity capital by Australians in joint ventures with overseas interests.

The traditional method of borrowing is by overdraft from one of the trading banks. Although bank finance is generally intended to provide for working requirements, as distinct from fixed capital needs, the banks' policies are flexible and involve some term loans. The Australian Resources Development Bank Limited, formed in 1967, has been accorded bank status under Commonwealth legislation. Briefly, the Resources Bank mobilizes capital and refinances advances made by the trading bank, singly or in a consortium, to enable investors to establish or participate, if necessary, in large-scale productive enterprises in Australia. Strong emphasis is placed on the development of natural resources, especially minerals, oil, and natural gas.

INVESTMENT IN AUSTRALIA

Value of U.S. Investment

The United States is the largest foreign investor in Australia, with Japan and the United Kingdom as Australia's greatest single source of foreign investment capital. U.S. investment in Australia has doubled in the past several years to consolidate a prominent position in a large number of the country's industries.

Total U.S. direct investment in Australia (consisting of U.S. equity in stock, paid-in capital, reinvested earnings, and net debt where a U.S. company owns at least 10 percent of the foreign company in U.S. dollars) was US$11 billion in 1987. However, in the past 2 years, the Japanese have invested over US$6 billion with the rate of Japanese investment increasing rapidly, primarily in the areas of tourist developments, commercial buildings, and residential property. Capital spending by U.S. affiliates in Australia rose 4 percent over 1986 to US$1.6 billion in 1987, a whopping 26.7 percent over 1985.

There are more than 750 U.S. subsidiaries in Australia, producing about 25 percent of Australia's nonrural exports. More than 10,000 agency agreements exist between U.S. firms and Australian representatives, and approximately 2,000 licensing agreements.

Manufacturing industries have attracted the most U.S. capital followed by minerals exploration and development. U.S. investment is especially prominent in the petroleum development and refining, computer, engineering (particularly motor vehicles, agricultural machinery, and construction equipment), chemical, and food processing industries. U.S. auto makers dominate the Australian passenger car manufacturing industry. Also, U.S. investment has increased in the finance and insurance sector (US$1 billion in 1985), and in other services.

Over the past 3 years, the Australian All Ordinaries Stock Market Share Price Index outperformed the New York Dow Jones Index by trippling its average share price.

Government Policy on Foreign Investment

Liberal investment regulations and a stable government have made Australia an attractive market for investment dollars. However, there are drawbacks. Compared to other countries of the Organization for Economic Cooperation and Development (OECD), Australia has a relatively high inflation rate. In relation to its neighbors in South and Southeast Asia, Australia has relatively high taxation levels, transportation expenses, and labor costs.

An element in the Australian situation that is perhaps most attractive to prospective U.S. investors is political stability. Firmly based on the Anglo-Saxon traditions of justice, due process of law, and civic responsibility of the individual, Australian institutions are only in a few respects dissimilar to those in the United States. In addition to its high standard of living, major supplies of natural resources, and growth prospects, Australia is in close proximity to the rapidly developing Asian and Pacific markets. Nearby New Zealand also constitutes a market of approximately 3.1 million people.

The Australian Government's policy on foreign investment is administered by the Treasurer, who consults with other appropriate ministers and with the Foreign Investment Review Board. Relevant legislation includes the Foreign Takeovers Act of 1975, as amended, various state Companies Acts, and also the Trade Practices Act.

Traditionally, Australian officials and the general public have recognized the indispensable role of overseas capital, market access technology, and know-how for the development of their immense mineral-rich but thinly populated land. Private U.S. investors and prospective investors have found the authorities to be receptive and cooperative. However, the general aim is to import long-term developmental capital and technology, rather than short-term speculative capital. The government seeks Australian participation in mineral exploration. It has indicated that because of risks involved and the country's limited capital resources, it is preferable to obtain high Australian equity participation at the production rather than exploratory stage.

The government's policy is centered on the longer-term direct investment, and is based on two principals: first, the importance that foreign capital can contribute to the development of Australia's resources and industries; and second, to ensure that Australians have the opportunities to participate in this development. The government stresses Australian participation in new projects in a 50-50 equity ratio. Although the 50-50 ratio is not a specific guideline, approval of projects without it is difficult.

Although strong awareness of the role of foreign capital still exists, some officials have expressed concern that key sectors of the local economy might be dominated by foreign interests, to Australia's detriment. The takeover of

local firms by larger overseas concerns has become a matter for particular scrutiny.

In an effort to decentralize industries, Australian states offer important incentives for locating industries outside their major cities. Incentives include low-interest loans to buy land, erect factories, and provide housing for key personnel. Subsidies are provided to train employees as well as to offset increased freight costs.

The Australian Embassy and Consulates in the United States, along with Australian banks represented in the United States, supply information on all aspects of Australian industry to any person or company interested in establishing itself in Australia. On the whole, advice and assistance in the development of new companies is given by branches of the various state governments. As most regulations concerning the establishment of a business in Australia are state-executed and administered, it would be to the benefit of the prospective business executive proposing to establish a business in Australia to work in harmony with state authorities. These authorities are as follows:

- o New South Wales -- Department of Decentralization and Development, Sydney.
- o Victoria -- Economic Development Corporation, Melbourne.
- o Queensland -- Department of Commercial and Industrial Development, Brisbane.
- o South Australia -- Department of State Development, Adelaide.
- o Western Australia -- Department of Industrial Commercial and Regional Development, Perth.
- o Tasmainia -- Department of Industrial Development, Hobart.
- o Canberra -- Canberra Development Board.
- o Northern Territory -- North Territory Development Corp., Darwin.

The Foreign Investment Review Board (FIRB) is the main federal governing body that reviews foreign investment proposals worth over A$5 million. These proposals include:

- o Proposals within the scope of the Foreign Takeovers Act of 1975, including proposals by a single or associated foreign interest to acquire or increase a holding of 15 percent or more in an Australian business even where the proposal does not involve a change in control of the business. All takeovers of existing Australian business by nonresidents must be approved by the FIRB.

- o Proposals involving restrictive industries: insurance, banking, broadcasting and the media, civil aviation, and uranium.

- o Proposals involving an expansion of an existing foreign-owned business only if it is moving into a new business area.

- o Proposals involving the purchase of urban real-estate and rural properties.

General Foreign Investment Review Board Criteria

The FIRB uses the following criteria to evaluate each foreign investment proposal: net economic benefit to Australia, price, introduction of new technological skills, access to export markets, use of local components and services, taxation and revenue, research and development plans, interests by shareholders and employers (especially in takeovers), patent and royalty arrangements, and local processing of materials. However, not all of these criteria need be satisfied in order to gain approval. The board has shown a greater degree of flexibility over the past year with less than a 2 percent rejection rate. In July 1986, as part of its effort to support the slumping Australian dollar, the Australian Government announced minor changes in the FIRB regulations and stated that all proposals that did not affect national security would be approved. In April 1987, additional liberalization regulations were passed, particularly affecting insurance, stockbrokering and resource processing sectors.

Stringent restrictions still remain in those areas traditionally effectively closed to foreign investment: radio, television, daily newspapers, and certain aspects of civil aviation. Likewise, special strictures exist with regard to foreign investment in real estate, other than for factories or dwellings; and on the establishment of new nonbank financial institutions (e.g., financial companies, merchant banks, leasing companies, general insurance, and life insurance). Potential investors may obtain a publication entitled Your Investment in Australia direct from the Foreign Investment Review Board, c/o The Treasury, Canberra, A.C.T. 2600, Australia, or from Australian diplomatic and consular posts in the United States.

Foreign Ownership of Real Property

Land tenure in Australia is a complicated matter as each state and territory has separate but somewhat similar legislation and procedures. However, this complexity is not of special concern to investors interested in nonagricultural investments. Land necessary for purposes other than agricultural or pastoral is still plentiful, and exclusive of Crown lands (government-owned), which are, principally in the State of Queensland, aliens are generally able to acquire land on a basis equal with Australian citizens. Land for industrial or commercial establishments can be obtained with a minimum of legal or procedural difficulty on either a freehold basis or a long-term lease.

In New South Wales and Victoria, nearly all Crown lands have already been alienated. In the less-developed states, opportunities still exist for large-scale pastoral development. However, an investor interested in a pastoral development should consult local counsel regarding the various restrictions governing the alienation of such land to non-Australians.

Acquisitions of real estate for development are generally approved unless they are deemed contrary to the national interest. Acquisitions of developed nonresidential commercial real estate require 50 percent Australian equity participation, unless Australian equity is not available, in which case 100 percent acquisitions are approved if not contrary to the national interest.

The acquisition of residential real estate was previously permitted up to a value of A$600,000 without FIRB approval. However, this threshold was abolished in September 1987, and all proposed acquisitions of urban, including residential, real estate by foreign interests now require FIRB approval. Property developers may sell 50 percent of units in new developments to foreigners without approval.

Each of the six states has a Land Department under the direction of a minister, who is charged generally with the administration of acts relating to the alienation, occupation, and management of Crown lands. In the Northern Territory, this function is carried out by the Administrator; in the Australian capital Territory, by the Department of the Capital Territory.

Various cities and municipalities have town-planning programs, and prospective property owners should give consideration to existing or proposed plans of this nature before acquiring a particular site. Failure to do so may involve refusal by municipal authorities of permission to construct or enlarge industrial facilities.

Foreign Ownership of Business Entities

U.S. nationals are, in general, permitted to own property and carry on business in Australia on the same basis as Australian citizens, and foreign companies are free to participate in most industries, subject to compliance with relevant provisions of state and federal law. Life insurance companies are required to register under the Life Insurance Act.

Foreign companies desiring to establish a place of business in Australia are subject to licensing requirements to the same extent as an Australian company.

The Companies Acts of several states do not impose any restrictions relating to the nationality of officers, directors, or shareholders. Neither are there any legal provisions requiring local participation in equity capital or management of companies established in Australia by foreign interests. However, prospective foreign investors should take into consideration the growing public sentiment that more opportunities should be made available for local capital participation in foreign investments in Australia.

During recent years, as previously mentioned, special attention has been given to plans for taking over Australian firms by foreign firms or other Australian companies, and to preventing the use of takeover methods which are unfair to a company's shareholders as a body. Guidelines have also been designed to give the government more time to intervene or express a view on takeover proposals that might involve the national interest.

Forms of Business Organization

The following forms of business organizations are most frequently used in Australia.

Sole Proprietorship. - As in the United States, a person may, subject to various formalities and authorizations that apply to specific types of activities, create or purchase a business without forming corporation. The

owner has the sole responsibility for the operations in which he or she engages. In settlement of debts, not only business assets, but also personal goods and property, in addition to business assets, may be attached.

An individual is free to carry on a business without formal registration requirements unless that individual elects to trade under a business name other than his Christian surname. In the latter event, registration is necessary and involves a disclosure of the true name, address, and occupation of the individual concerned.

Partnerships. - The general principles relating to the rights and liabilities of partners are similar to those applying under English or American law. Except as stated below, the Companies Acts and ordinances in the various states and territories rule that an association or partnership formed for the purpose of carrying on a business may normally not consist of more than 20 persons. An exception is made, however, in the case of an association or partnership which may be made and can consist of up to 50 persons. Accounting firms may consist of up to 200 partners. There is no requirement that any or all of the partners be Australian residents.

Companies. - Each state has its own Companies Act and each territory has its own companies ordinance. Variations between the acts and ordinances are, by and large, confined to minor details. The basic principles are similar to English company legislation.

A company may be limited by shares, limited by guaranty, or unlimited. The large majority of incorporated manufacturing and commercial enterprises are established as limited-liability companies, which may be either public (Ltd.) or proprietary (Pty, Ltd.) in organization.

Proprietary companies are formed to obtain the advantages of limited liability for family businesses, small companies closely akin to partnerships, and companies that are subsidiary groups and divisions of other companies. If the desire is to impose restriction on the transfer of shares and if the capital required by the undertaking can be raised without the necessity of offering shares to the public, incorporation as a proprietary company is the more convenient form, particularly in the establishment of an Australian subsidiary by an American corporation. A proprietary company is one that restricts the right to transfer its shares; limits the number of its members, exclusive of present or former employees; prohibits any invitation to the public to subscribe for shares or debentures of the company; and prohibits any invitation to the public to deposit money with the company. Any two or more persons or corporations may form a proprietary company.

The following regulations also apply to the formation of a proprietary company: the term "proprietary" must be included before the word "Limited" (frequently abbreviated to Pty, Ltd.) in the name of the company; a proprietary company may commence business immediately upon incorporation; and the memorandum and articles need not be accompanied by the directors' written consent to act.

The term "public company" is normally used to describe a limited company other than a proprietary company. The public company form of organization is used

when it is deemed advisable or necessary to raise capital by offering shares to the general public. Any five or more persons may incorporate a public company.

Special provisions exist in all states and territories permitting mining companies to be incorporated on a "no liability" basis. Every company of this type shall have the words "No Liability" or the abbreviation "N.L." as part of and at the end of its name.

A number of special provisions apply to a nonliability company, and persons having a special interest in the subject should examine the Companies Act of one of the states or the companies ordinance of one of the territories.

Registration. - Applications for registration in the various states must be made with the Corporate Affairs Commission in Sydney, Melbourne, Brisbane, Adelaide, Perth, Hobart, or in Canberra for the Australian Capital Territory. Companies wishing to do business in the Northern Territory should register with the Registrar of Companies, Darwin, Northern Territory. If the company intends to carry on business in Australia outside the place of incorporation (other than the Northern Territory), the company is required to register its name in that state and to establish an office there.

The application for registration is accompanied by a memorandum of association (charter), articles of association (by-laws), other papers, and fees. Expenses incurred include filing fees to the Corporate Affairs Commission (approximately US$130) and legal costs for drafting the charter and by-laws.

A company may not be registered by a name that is, in the opinion of the Registrar, undesirable or is a name or names of a kind that the Registrar has been directed by the government not to accept for registration. A similar direction has been given to the Registrar in each state and territory. The Registrar would normally treat as undesirable names identical with or too closely resembling that of another company or business or a name that is misleading as to the nature and objects of the company. The Registrars also forbids registration, except with government consent, of names suggesting connection with the royal family, the Crown, the Commonwealth of Nations, the Government of Australia, or a state of any part of the Queen's dominations, possession, or territories; with the government of a foreign country or the United Nations; or with a government department, authority, or instrumentality or a municipal or other local authority. Names containing certain words such as "trust," "trustee," "chartered," "guarantee," "bank," "banking," and the like are also forbidden. Although the type of name which is forbidden appears to be wide, in actual practice it is not unnecessarily restrictive.

Share Capital. - A copy of every prospectus issued by a public company must be registered with the appropriate state or territory registrar before the prospectus is issued. Shares must be distinguished by appropriate numbers, and share certificates may be issued only under the seal of the company. Fully paid redeemable preference shares may be redeemed only out of profits or the proceeds of a fresh issue made for that purpose.

A company limited by shares may, if authorized by its articles, increase its share capital; consolidate and divide all or any of its share capital into

shares of larger amounts than its existing shares; convert its paid-up shares into stock and convert that stock into paid-up shares of smaller amount than is fixed by its memorandum; cancel shares that at the date of the passing of the relevant resolution have not been taken or agreed to be taken; or reduce its capital, subject to court approval.

However, notice of any increase or reduction of capital must be given to the state or territory Registrar of Companies. There is no minimum amount of authorized capital, but a public company must have at least five shareholders; a proprietary company must have at least two. The registered shareholders may hold their shares as nominees of beneficial owners.

Shares must be of a fixed amount. Bearer and non-par value shares are not allowed. Shares available for sale include common, preferred, deferred, convertible, and redeemable preference. The company is required to keep a record of shareholders and the number of shares owned.

Organization of Foreign Firms

In Australia, a foreign company is usually defined as any company incorporated outside the state in which the business is situated. For example, for legal purposes, a company incorporated in the United States or in New South Wales would be defined as a foreign company if applying for registration in Victoria.

Each foreign company must, within 1 month after it establishes a place of business or commences to carry on business in a state or territory, obtain a certificate of incorporation and register certain documents with the Commissioner for Corporate Affairs (Registrar of Companies) in that state or territory. The two basic documents which must be registered are the Memorandum of Association and the Articles of Association. The Memorandum of Association states the name and purpose of the company, as well as the number and nominal value of the shares. As the Memorandum limits the scope of the company's powers, it also defines the purposes for which company funds may be employed. The Articles of Association defines the procedures to be followed by the company, the election of directors, and similar matters. Both the Memorandum and Articles may be altered by special resolution of a company meeting (a majority of at least 75 percent of members present is required). The authorized capital of a company need not be fully paid up at incorporation. A company may, however, not reduce its capital without the court's consent.

In general, when these requirements have been satisfied, and a filing fee paid, a certificate of incorporation will be issued proclaiming that the company has been registered under the state Companies Act. Upon receipt of this certificate, the company is granted substantially the same rights, powers, and privileges as any company incorporated in that state. The foreign firm must register in other states as well.

Subsidiary Companies. - In general, subsidiary companies are granted the same rights and privileges accorded to other companies in Australia. A company is deemed to be a subsidiary of another company if that other company controls

the composition of the board of directors, controls more than half of the voting power, holds more than half of the issued capital of the first mentioned company, or if the first-mentioned company is a subsidiary of any company which is that other company's subsidiary.

If an American company wishes to establish a subsidiary company in Australia, whether as a public or a proprietary company, instructions to effect the registration of such a company may be given to some person, firm, or corporation in that state in which registration is desired.

For purposes of registration, a number of the members of the Australian firm or corporation concerned would arrange to subscribe for one share each in the new company. Upon completion of registration of the subsidiary company, the Australian subscribers would execute declarations of trust in the usual manner to the effect that the shares were held on behalf of the American parent company, and the usual share-transfer forms in blank would be executed at the same time.

Agents and Representatives. - Representatives and agents may be appointed in Australia without difficulty, and many well-established Australian firms serve as agents and representatives for American companies. Normally, agencies are subject to few requirements. A letter of agreement, drawn by the Australian agency and the American company and properly signed and attested, generally is the only documented required.

Repatriation of Capital

Repatriation of dollar capital to the United States is normally not restricted by the Australian Government in any way. However, in the case of emergencies, the government does have the power to restrict, or even prohibit, such transactions.

Industrial Property Protection

Patents. - Patents are protected in Australia under the Patent Act of 1952, as amended; trademarks, under the trademarks Act of 1955, as amended; and copyrights, under the Copyright act of 1968. Australia, as well as the United States, is a member of the "Paris Union" International Convention for the Protection of Industrial Property (patents, trademarks, commercial names, and industrial designs). American business people and inventors are thereby entitled to receive the same treatment in Australia for the protection of their patent, trademark, industrial design, and commercial name rights as that country extends to its own nationals. U.S. citizens also are entitled to certain special protective benefits in Australia such as being allowed 1 year, after first filing a patent application in the United States or any other Paris Union country, in which to file a corresponding application in Australia and receive on the corresponding application the benefit of the first application's filing date (right of priority). For trademarks, the right of priority period is 6 months.

Trademarks. - Trademark registrations are valid for 7 years from the applications filing date and renewable for 14-year periods. The first applicant, as user or intended user, is entitled to registration. A trademark

registrable in Part A of the register must distinguish applicant's goods from others. After 7 years, a mark becomes incontestable on most grounds.

Copyrights. - Copyrights on computer software; literary, dramatic, or musical works; or on an artistic work other than a photograph continue for the author's life and for 50 years after his death. Copyrights on photographs continue for 50 years after the expiration of the calendar year in which the photograph is first published. If before the death of the author of a literary, dramatic, or musical work, the work had not been published or performed in public, the copyright on the work continues for 50 years after the first date of publication on first performance date.

Australia, as well as the United States, is a member of the Universal Copyright Convention (UCC). U.S. authors thereby receive automatic copyright protection in that country for their works first published and copyrighted in the United States. All that is needed to acquire such protection in Australia, or in any other UCC country, is to show on the work the name of the author, year of first publication, and symbol "c" in a circle. Australia is also a member of the Berne Copyright Union.

Inquiries regarding laws, regulations, and procedures applicable to patents, trademarks, other industrial property rights protection, and copyrights should be addressed to:

Patents, Trademarks, and Designs Office
Scarborough House, Phillip
P.O. Box 200, Woden, A.C.T. 2606
Canberra, Australia

A person desiring to acquire industrial or other property rights in Australia usually consults an attorney who can provide specific advice and guidance on the procedures to be followed. A list of attorneys in Australia, indicating their specialties, if any, is available from the Australia Desk, International Trade Administration, U.S. Department of Commerce, Washington, D.C. 20230, or any of the Department's district offices.

Investment Information Services

U.S. Government services to assist U.S. business are available from the Australia Desk, International Trade Administration, U.S. Department of Commerce, Washington, D.C. 20230, and from the Commerce Department district offices in the principal U.S. cities; and the American Embassy in Canberra, as well as the American Consulates-General in Sydney and Melbourne and Consulates in Brisbane and Perth.

The American Chamber of Commerce in Australia also offers assistance to American business in Australia. Its head office is located at 50 Pitt Street, 8th Floor, Sydney, New South Wales, 2000; branch offices are located in Melbourne, Brisbane, Adelaide, and Perth.

The Australian Trade Commissioners in New York, Chicago, San Francisco, and Los Angeles are also prepared to discuss U.S. investment in Australia, and the

following Australian states are represented by investment promotion offices in the United States:

- New South Wales.-- Suite 2250, 2 Century Plaza, 2049 Century Park East, Los Angeles, Calif. 90067; telephone 213/552-9566.

- Victoria.-- Victoria Investment Office, 3550 Wilshire Blvd, Suite 1736, Los Angeles, Califor 90010; telephone 213/387-3111.

Labor Relations

Labor Force. - Australia follows a policy of full employment. Until recently, the Australian economy has been notable for the high level of employment that has been maintained. Because of government policy, unemployment usually ranges between 1 and 2 percent of the work force. However, during recent years, unemployment has attained, by Australian standards, very high levels. The unemployment rate reached a high of 8.5 percent in 1987.

In June 1987, the Australian civilian labor force totaled nearly 7.1 million, or, over 69 percent of the Australian civilian population aged 15 years or older. The steady growth in the work force since 1947 has been greatly assisted by immigration which, in many instances, has meant that a supply of skilled workers has been maintained that had not been available locally. The demand for skilled tradesmen, however, has been strong for most of the period since the end of World War II, and many types of skilled workers have, in fact, been in short supply despite immigration measures.

The industrial composition of the Australian work force is now broadly comparable with that of the United States, and the productivity of the industrial worker is about comparable to that of the British tradesman. There are no nationalization-of-staff requirements, as the employer is free to choose the best employee for the job at hand, regardless of national origin.

Payment and Benefits. - Salaries and wages paid to workers in Australia are slightly less than those for comparable work in the United States; however, Australian workers enjoy relatively liberal conditions of employment; e.g., paid sick leave and, in many cases, a minimum annual vacation of 4 weeks (20 working days) at regular rates of pay, plus a bonus of 17.5 percent based on award rates. In addition, employees get 8 weeks' leave at regular pay after 15 years' service with one employer, and thereafter, 3 months' leave for each additional 10 years.

The average weekly earnings per employed male for calendar year 1987 was A$454 as compared with A$480 in the United States. In November 1986, the weighted average minimum weekly wage rates (an index expressed in terms of money and hours) payable to adult males in various industry groups were as follows: mining and quarrying, A$675.40; all manufacturing groups, A$437.40; building and construction, A$482.90; communication, A$445.00; and wholesale and retail trade, A$358.80.

Most employees in Australia are covered by state workers' compensation legislation; premiums are paid wholly by the employer. In general, employees are entitled to compensation in either fixed sums or weekly payments, depending upon the injury, for injuries incurred in the course of their work or, in most cases, in going to or coming from their jobs. Alternatively, when the employee can prove negligence on the part of the employer, he is entitled to sue the employer in court and may recover sums greater than those fixed by legislation.

Australia has developed a comprehensive system of social services that provides benefits to the family and the individual. The principal benefits include age and invalid pensions, maternity allowances, child endowment, widows' pensions, and unemployment and sickness benefits. Social services are financed out of general revenue, and there are no specific taxes for this purpose.

Labor Organization and Relations with Management. - At the end of 1986, 66 percent of total employees belonged to trade unions. There are 326 separate unions in Australia. Unions are, for the most part, organized on a craft or semi-industrial basis, which, in practice, means that in the usual plant the workers are represented by several unions. It is not unusual to see on a factory floor five to six separate unions represented. Most unions are affiliated with the Australian Council of Trade Unions (A.C.T.U.), which determines national trade union policy.

When direct union-employer negotiation fails, disputes come under the jurisdiction of federal or state arbitration tribunals whose awards are mandatory on both parties. While, in theory, it is difficult to conduct a legal strike or lockout, in practice, strikes are frequent, though usually of short duration. Because of the high number of unions represented in any one industrial sector, it is not unusual if one union goes on strike that other unions, in sympathy and solidarity, will also join in. In most industries, time lost through industrial disputes is considerably less than in the American experience. Industrial legislation makes provision for fines or the deregistration of an offending union or employer, but such penalties are usually reserved for repeated or flagrant disregard of a court order. Although strike activity has recently been low by Australian standards, American business persons should recognize the important role unions have on all aspects of doing business in the country. Clauses in sales and dealer contracts that relieves the seller of penalties due to cause by strikes and taking out strike insurance are two ways U.S. businesses can handle labor disruptions.

Employment of Aliens. - U.S. nationals and other nonnationals are permitted to be employed in Australia only if they offer unique talents not available domestically.

Trade union membership is a prerequisite to employment in some industries, and in many others, preference in employment is given to union members. Admission to union membership is open to U.S. nationals, but may depend upon possession of necessary trade qualifications or skills, or both. Information regarding

the medicine, dentistry, law, accounting, engineering, and other specialized skills may be obtained from the Embassy of Australia or the country's Consulates-General in the United States.

TAXATION

The Australian Taxation Office administers taxation at the federal level in Australia. Only the federal government levies income tax. However, in addition to income taxes, the government collects numerous indirect taxes. These include customs duty, sales tax and excise duties on gasoline, tobacco, and alcohol. The fiscal tax year ends on June 30. Alternative fiscal years are occasionally permitted. State governments levy taxes mainly on payroll taxes, stamp taxes on business transactions, and land taxes.

Partnerships and joint ventures are not taxed as separate entities, but the individual partners or joint venturers are taxed on their proportion of the taxable profits, together with any other income derived in their own right.

Under certain circumstances, interest and dividends may be exempt from withholding taxes. Royalties or similar payments made by an Australian licensee to a licensor resident in the United States under a patent-licensing agreement are liable to Australian income tax. When the recipient is a U.S. corporation, the company rates of taxation would apply; for individuals, the graduated scale of rates applies.

Further information concerning Australian taxes may be obtained from the Commissioner of Taxation, Australian Taxation Office, Canberra, A.C.T. 2600, Australia.

Company Income Tax

Company income tax rates will be reduced from 49 to 39 percent effective July 1989. In Australia, special tax rates apply to certain classes of companies, e.g., life insurance, cooperative and nonprofit companies. Companies are subject to full taxation if they are Australian resident. Residence is determined by where the central management is situated, or if controlling shareholders interest is held by Australian residents. Most U.S. corporations operate through Australian subsidiaries. The subsidiaries, but not the parent companies, are considered residents for Australian tax purposes.

On July 1, 1987, the government introduced a foreign tax credit system. Foreign source income of residents is now taxed at standard rates in Australia, with a credit applied toward the foreign tax paid against the assessed Australian tax value. Prior to this change, income derived by Australian residents from foreign sources was exempt from Australian tax if taxed at source. Nonresident companies are taxed only on income derived in Australia and on certain capital gains. The assessable income of a nonresident does not include interest and dividends received, as these are subject to the Withholding Tax. (See "Tax Convention with the United States.")

A company's taxable income is the total income derived in a tax year less those amounts that are specifically stated as tax exempt, minus any permitted deductions. Allowable deductions include all expenses incurred in gaining or

producing assessable income other than those of a capital, private, or domestic nature. Research and development concessions and depreciation of plant and equipment are allowable deductions. No deduction is allowed for entertainment purposes.

Personal Income Tax

Individuals are either "resident" or "nonresident" in Australia. An expatriate based in Australia is deemed a resident if a "continuous period" of not less than 183 days is spent in Australia starting from the day of arrival in Australia.

All employees are taxed on a "pay-as-you-earn" system. Income tax is levied on a progressive scale. The top marginal income tax rate was lowered on July 1, 1987 to 49 percent. There are three lower income tax scales: 40, 29, and 24 percent. No tax is payable on personal income of up to A$5,100. Deductions for dependents and for personal expenses (life insurance, educational expenses, medical, dental, optical expenses, taxes, and the like) have been converted into tax rebates; an exception is the deduction for charitable contributions. The concept of a standard rebate is comparable to the U.S. standard deduction. There is a dependent spouse rebate of A$830; a dependent child increases this to A$1,030. Nonresidents are not eligible for concessional allowances and are not charged the medical care levy of 1.25 percent taxable income.

The following table presents, in Australian dollars, the tax rates applicable on taxable income earned by a resident individual for the full tax year ending July 1, 1987.

Personal Tax Rates For Residents

Taxable Income (A$)	Tax Rates (%)
0 - $ 5,100	"none"
$ 5,101 - $12,600	24%
$12,601 - $19,500	29%
$19,501 - $35,000	40%
$35,001 - and on	49%

The first A$19,500 of income derived by nonresidents is taxable at the rate of 29 percent. Rates thereafter are the same as for residents.

Apart from the convention for the avoidance of double taxation (see below), personal remuneration paid to nonresident persons who act as directors, technicians, and the like, in a manufacturing, mercantile, or mining business or a business of primary production during a visit to Australia may be exempt from taxation for a limited period if a tax is paid in the country where the nonresident is ordinarily resident. If a tax is not paid in the country of residence, the Australian tax payable will not exceed the amount that would have been payable in the country of resident if a tax had been levied on the income by the country.

Personal income tax rates are expected to be lowered again by the federal government during FY 1989-90. Information concerning current tax rates may be obtained from the Commissioner of Taxation, Australian Taxation Office, Canberra A.C.T. 2600.

Withholding Tax

A withholding tax generally applies to dividends and interest derived from Australia by residents and by foreign subsidiaries resident in Australia. In accordance with Australia's double taxation agreement with the United States, the rate of withholding tax on dividends paid to residents of the United States is limited to 15 percent.

Under the new dividend imputation system, franked dividends, which are distributions from resident company profits that have borne tax at the 49 percent rate (enacted July 1, 1987), are not liable to withholding tax, but instead carry an "imputation tax credit" to be credited against the shareholder. Interest withholding tax is levied at the rate of 10 percent in all cases. There is no withholding tax on royalties.

Capital Gains Tax

A capital gains tax applies to property and other assets acquired on or after September 19, 1985. The tax operates at marginal rates of personal and company income tax, after adjustment for inflation. The family home, superannuation benefits, proceeds from life insurance policies, gains on the disposal of motor vehicles and from other personal assets below a limit of A$5,000 a year, among others are exempt from the tax.

Fringe Benefits Tax

Noncash fringe benefits provided to employees, taxed to employers at the corporate income tax rate of 49 percent, are nondeductible and payable quarterly. Fringe benefits include personal use of employer-provided cars, free or low-interest loans, free or subsidized residential accommodations and board, and discounted goods and services.

Branch Profits Tax

Imposed on nonresident companies, whether or not operating through a branch, the tax is based, in addition to the income tax imposed, on the taxable income of nonresident companies. The general tax rate is 5 percent.

Payroll Tax

Payroll tax is levied on employers at a fixed percentage of wages paid in excess of various amounts as determined by each of the states in Australia. This tax is imposed (on average 5 percent) by the governments of each of the states and the Northern Territory, and by the federal government with respect to the Australian Capital Territory.

The term "wages," for the purposes of tax, includes salary, commission, bonuses, and allowances paid or payable (in cash or in kind) to an employee. It also includes directors' fees, commission payments to insurance agents or time payment canvassers or collectors, and the value of any board and quarters provided by the employer as consideration or part consideration of any employee's services.

Payroll tax on wages that are deductible in income tax assessments is an allowable income tax deduction. Every employer tax liability must register and file a monthly tax return, unless either the amount of wages and salaries paid is low enough that permission can be granted to file the returns less frequently or an employer is liable only during peak seasonal activity.

Some states offer payroll tax rebates in order to attract industry or encourage the decentralization of city-based enterprises. For example, in Victoria, the authorities have granted payroll tax relief intended as incentive to decentralized secondary industry located outside a radius of 50 miles from Melbourne and, in special circumstances, within a closer radius.

Sales Tax

A sales tax is levied by the federal government on specified goods and commodities sold in Australia. It is not imposed on personal or professional services as such, nor on sales of real or intangible property. It is a one time tax levied at the point-of-sale by an importer, wholesaler, or manufacturer to a retail trade outlet, and is generally assessed on the landed value of imports and the wholesale value of other goods. Wholesale merchants and manufacturers must register and are responsible for collection of the tax.

The sales tax is imposed on an ad valorem basis and at a general rate of 20 percent. Three different rates can be levied at the wholesale level: a 10 percent rate on a wide range of domestic goods, including household appliances and furniture; a 30 percent rate on luxury goods, including jewelery, cameras, radio and television sets; and a general rate of 20 percent for all other nonexempt goods. Exempted goods include food stuffs, drugs, medicines, and surgical goods for human use, agricultural machinery, other plant and equipment for manufacture of goods, most building materials, and goods for use by educational bodies and government authorities. All other goods not exempt, including commercial vehicles and automotive spare parts and accessories, are taxed at the general rate of 20 percent.

Research and Development Tax Concession

The 150 percent tax concession for research and development will continue until June 1991, after which the rate will be 100 percent for individuals and trusts, as well as for companies and partnerships.

Tax Convention with the United States

A convention is in operation between Australia and the United States for the avoidance of double taxation and the prevention of fiscal evasion of income taxes. The principal features of the convention affecting business are summarized below.

A U.S. enterprise is not subject to Australian tax on its industrial or commercial profits unless it is engaged in trade or business in Australia through a permanent establishment in Australia. If so engaged, Australian tax may be imposed on the entire taxable income of the enterprise derived from resources within Australia.

Profits derived by a U.S. citizen or corporation (not also a resident of Australia) from operating ships or aircraft registered under the laws of the United States are exempt from Australian tax.

The rate of Australian tax on dividends paid by an Australian company to a U.S. resident, including a corporation, that is liable to U.S. tax thereon and is not engaged in trade or business in Australia through a permanent establishment in Australia is not to exceed 15 percent of the dividend.

An individual resident of the United States is exempt from Australian tax on remuneration or other income received for personal and professional services performed in Australia if during the year of income in which the services are performed he is present in Australia for not more than 183 days and the services are performed for or on behalf of a U.S. resident.

Royalties with respect to patents, designs, trademarks, industrial-processes or formulas (so-called industrial royalties) are not covered by the treaty. A U.S. resident company that does not have a permanent establishment in Australia would be subject to the full Australian tax rate on companies for industrial royalties received from Australia, usually at a 10 percent rate.

A reciprocal provision is made for the granting of credit for income tax paid in the other country. U.S. taxpayers who are also subject to tax in Australia should consider such provisions in the U.S. Internal Revenue Code, namely section 901 (formerly 131); sections 164 and 911 may also be of interest to such taxpayers.

SELLING TO THE FEDERAL GOVERNMENT

Australia is not a signatory to the GATT Government Procurement Code. U.S. firms selling items to the Australian Government must satisfy offset requirements. Requirements under the offsets policy apply to both civil or military government contracts. All contracts about A$2.5 million (or contracts that amount to A$2.5 million or more in one financial year) by a foreign firm must meet a 30 percent offset obligation. Statutory authorities that are major purchasers of business and office supplies, computer and peripheral equipment, and aerospace manufactures such as Qantas, AUSSAT, Australia Telecom, and the Overseas Telecommunications Commission also are required to meet offset obligations.

Types of offset obligations include the following: equipment parts manufactured in Australia; collaboration on proposals where the prime contractor arranges for Australian industry to participate in conceptual, design, development and production stages; transfer of technology to manufacturing industry; research programs of benefit to manufacturing industry; and purchases of Australian products which are arranged by the U.S. supplier. Offset commitments should be fulfilled within an agreed time, usually 3 to 5 years with rigid quality control and delivery factors specified.

The Australian Government also maintains a "Buy Australia" Policy which gives a 20 percent bidding advantage to Australian manufactured products. In addition, there are state-level purchasing preference programs. In general, state governments give a 20 percent preference to Australian-produced goods and services, with the exception of Tasmania and Western Australia which give 10 percent in the evaluation of state government tenders.

Procedure for Offset Proposals. - The U.S. supplier must be aware of upcoming government purchases in order to submit a tender. The Commerce Business Daily, a U.S Department of Commerce service, publishes foreign government tenders. Sometimes a U.S. supplier is asked to submit a bid directly by the Australian agency. The U.S. firm is asked to develop an offset proposal in conjunction with an Australian company. The proposal is then added to the final tender response. An accepted tenderer's offset proposal becomes a commitment within the contract or within an appropriate agreement. Until the tender is fulfilled, the firm must provide progress reports, usually every 3 months.

The majority of government tenders that require offsets are issued by the Department of Defense. This agency has developed an Offsets Directory, listing Australian firms that U.S. companies can team up with to satisfy the 30 percent offset requirement. The directory and further information on defense offsets is available through: The Director, Australian Offsets Program - Marketing Branch, Department of Defense Support, Constitution Avenue, Canberra A.C.T. 2600.

The U.S. and Foreign Commercial Service (US&FCS) in Australia has developed a Joint Venture Matching Program to assist U.S. firms in meeting and discharging their offset requirements. Through the program, the US&FCS can help identify and screen Australian firms willing to enter a joint venture with a U.S. "offset" firm, or it can develop three-way joint ventures by identifying new joint ventures proposals between U.S. and Australian companies which can be majority financed through equity or loans by the U.S. "offset" company and thus serve to satisfy the offset obligation. Further information on the Joint Venture Matching Program may be obtained from the Australian Desk, International Trade Administration, U.S. Department of Commerce, Washington, D.C. 20230, or directly from the US&FCS Commercial Officer in Sydney.

GUIDANCE FOR BUSINESS TRAVELERS

Entrance Requirements

American citizen must possess a valid U.S. passport and obtain a visa in order to enter Australia. If the travel is intended for business purposes, but does not involve employment in Australia, the citizen should apply for a Visitor's Visa and submit evidence of his intention to leave Australia following the termination of his visit. It is generally possible for the authorities at the Australian Embassy or consular posts in the United States to issue a Visitor's Visa immediately upon receipt of an application. If done by mail, allow 21 days' processing time.

Should a person plan to accept employment or remain in Australia, another form of visa will be required. Additional information concerning the issuance of

various forms of visas may be obtained from the Australian Embassy or the appropriate Australian Consulate-General in the United States. Under the Australian health insurance system, visitors to Australia are not covered automatically against the costs of medical and hospital treatment. Coverage against medical and hospital expenses incurred in Australia may be available through insurance companies and travel agencies in the United States.

Customs Procedure

Persons entering Australia are required to make an oral declaration of their belongings and, upon request, to open their baggage for inspection by a customs officer.

Certain personal and professional effects may usually enter Australia duty free, provided they are the personal property of the traveler, accompany the traveler on arrival, are suitable and intended for the traveler's own use, are not imported in commercial quantities, and are not intended for commercial purposes. These goods include clothing apparel; articles of a strictly utilitarian nature of a kind normally carried or worn on the person or carried in hand baggage (e.g., wrist watch, cigarette lighter); binoculars; portable typewriter; exposed films of a transient's traveler; photographic cameras; radio sound entertainment appliances (radios and tape recorders weighing not more than 4 pounds and 12 pounds, respectively); surgical, dental, veterinary hand instruments; and portable equipment of a kind normally owned by workers in following their particular trade (goods in the category of tools and instruments must be of the kind held in the hand).

The final decision as to which articles are to be accorded duty-free treatment rests with the Australian customs authorities and depends on a traveler's accustomed habits, his occupation, and the duration of his intended stay in the country.

Articles determined to be in excess of a traveler's actual needs may be subject to import duty or may be temporarily admitted under bond. The security deposit in the latter case will be released upon reexport of the articles.

Incoming passengers are allowed to bring goods up to A$250 duty free into the country.

Australia has stringent quarantine regulations; travelers are discouraged from attempting to take into Australia foodstuffs and other quarantinable goods as they will be subject to quarantine and possible seizure.

Travelers who plan to bring articles into Australia for demonstration purposes are advised to make appropriate arrangements with the Australian customs authorities for proper customs handling prior to arrival in the country. This may be done directly through business partners, agents, or representatives in Australia.

The importation of such goods generally requires a bond or a carnet. The bond is a security deposit that is refundable once the goods are exported. The carnet is an internationally accepted document which allows goods to be taken

in and out of a country for 1 year. Information on the bond is available from Australian Customs Service, Australian Consulate General, 636 Fifth Avenue, New York, N.Y. 10011. The carnet is administered through the Carnet Division, U.S. Council International Chamber of Commerce, 1212 Avenue of the Americas, New York, N.Y. 10036.

Business Etiquette

Business in Australia is conducted in much the same way as it is in the United States. Appointments are made as far in advance as possible, and it is expected that callers will be punctual. Expeditious handling of correspondence, including the use of airmail and postal routing codes, is indispensable. When addressing Australians, personal titles should be used.

Dress tends to be a little more relaxed in Australia due to the climate; however, business attire is expected on appointments. After-hours socializing is a part of the business scene and demonstrates the warm hospitality of Australians.

Commercial Language

English is the official language of Australia.

Business Hours

In general, the 40-hour workweek is in effect. However, in some instances, the number of hours constituting a full workweek may differ among occupations in a given state or within the same occupation in various states.

Business houses, banks, and insurance companies operate on a 5-day week and are closed on Saturday. Most retail stores are open from 9 a.m. to 5:30 p.m. Monday through Friday, and 8:30 a.m. to noon on Saturday. Some stores remain open until 9 p.m. one night each week (usually Thursday or Friday). Except for small food shops, stores are closed on Saturday afternoons and Sundays. The principal holiday season is in December and January; for this reason, it is usually preferable to schedule business visits at other times during the year.

Holidays

The following public holidays are observed throughout Australia: New Year's Day (January 1), Australia Day (usually observed on the last Monday in January), Good Friday, Easter Saturday, Easter Monday, Anzac Day (April 25), the Queen's Birthday (except Western Australia--usually observed on a Monday in June), Christmas Day, and Boxing Day (December 26). In addition, a number of other holidays are celebrated by various states.

Accommodations and Services

Hotels. - First-class hotels and restaurants can be found in every large city and in many of the smaller cities. Advance reservations are recommended, especially at the time of an international trade fair.

Secretarial Assistance. - Agencies located in a few of the larger Australian cities can supply office help on short notice. Travelers may also check with the local labor exchange and their personal business contacts. The American Foreign Service posts in Australia may also be able to supply names of former employees available for part-time work.

Climate and Dress

Because Australia is in the Southern Hemisphere, the seasons are opposite those in the United States. The climate varies from tropical (Northern Territory, Queensland) to subtemperate (Tasmania). Very light clothing is appropriate from November to March. Winter, in the middle of the year, is mild in the North, but cold in the South. Snow accumulates in the mountains of Tasmania, New South Wales and Victoria. Coastal cities like Sydney and Melbourne tend to receive rain, rather than snow during the winter.

SOURCES OF ECONOMIC AND COMMERCIAL INFORMATION

Government Representation

The United States maintains an embassy in Canberra located at Moonah Pl., Yarralumla, A.C.T. (tel. 61-62-705000). Other U.S. Foreign Service posts are maintained at the following locations:

U.S. Consulate
383 Wickham Terrace
Brisbane, Queensland 4000
Tel: (61)(7)839-8955

U.S. Consulate
16 St. Georges Terrace
Perth, West Australia 6004
Tel: (61)(9)325-3569
Fax: 011-61-9-325-3569

U.S. Consulate General
36th Floor - T&G Tower
Park and Elizabeth Streets
Sydney, NSW 2000
Tel: (61)(2)261-9200
Fax: 011-61-2-264-9908

U.S. Consulate General
24 Albert Street
Melbourne, Victoria 3205
Tel: (61)(3)697-7900
Fax: 011-61-3-690-2585

Foreign Service Officers in the Commercial or Economic Sections of these posts are available to brief and assist American business officials visiting Australia.

The Embassy of Australia is located at 1601 Massachusetts Avenue, N.W., Washington, D.C. 20036 (tel.202 797-3000). The Australian Government maintains Consulates General with Trade Commissioners at the following addresses:

Australian Consulate General
636 Fifth Avenue
New York, N.Y. 10111

Australian Consulate General
3550 Wilshire Blvd.
Los Angeles, Calif. 90010-2481

Australian Consulate General
360 Post Street
San Francisco, Calif. 94108-4979

Australian Consulate General
Suite 307
1000 Bishop Street
Honolulu, Hawaii 96813-4299

The role of the Trade Commissioners at the above offices is the promotion of Australian products to the United States. They are available to answer questions on investment, licensing and joint venture opportunities.

BIBLIOGRAPHY

Australian Government Publications. - Available from Mail Order Sales, Australian Government Publishing Service, P.O. Box 84, Canberra, A.C.T., 2600.

- New South Wales, Australia -- A Handbook for Industrialists. Issued annually by the Department of Decentralization and Development, Sydney Australia.
- Australia Handbook -- Issued yearly by the Australian Information Service Canberra, A.C.T. Australia.
- Australian Mineral Industry Quarterly -- Issued by the Bureau of Mineral Resources, Geology and Geophysics, Canberra, A.C.T.
- Digest of Current Economic Statistics -- Issued monthly by Australian Bureau of Statistics, Canberra, A.C.T. Australia.
- Monthly Review of Business Statistics -- Australian Bureau of Statistics, Canberra, A.C.T. Australia.

U.S. Government Publications. - The U.S. Department of Commerce has published, in addition to the Overseas Business Report Marketing in Australia, numerous market research papers on Australia. These include agricultural machinery, computers, electronic components, food processing, graphic industries, medical

equipment, industrial process controls, automotive parts and service equipment, construction equipment, mining equipment, sporting goods and telecommunications.

The market research papers can be obtained from the Commercial Information Management Systems (CIMS), International Trade Administration's district offices located throughout the United States. The fees start at $10 for market research files or market research by industry/country.

Other Publications. - The following publications also may be useful sources of information.

- Taxation in Australia. -- Published by Deloitle, Haskins and Sells, 1114 Avenue of the Americas, New York, N.Y. 10036

- B & T Yearbook. -- Published annually by Greater Publications Pty. Ltd., Sydney, New South Wales. Includes useful information regarding advertising facilities in Australia.

- Who's Who in U.S. Business in Australia. -- Published by the American Chamber of Commerce in Australia, Sydney, New South Wales. Includes listing of all U.S. affiliates in Australia and extensive product references, and Australian firms in the United States.

- Establishing a Business in Australia. -- Published by the Westpac Banking Corporation, Sydney, Australia.

MARKET PROFILE - AUSTRALIA

Foreign Trade

Imports. - (f.o.b.) US$30.6 billion in FY 1988 and US$26.0 billion in CY 1987. Principal suppliers in FY 1987: United States (22.0 percent), Japan (21.0 percent), United Kingdom (7.5 percent), and West Germany (7.5 percent). Imports are concentrated heavily in manufacturers' materials and capital equipment. Major imports from the United States are transport equipment, construction and mining machinery, internal combustion engines, organic chemicals, computers, and office machines.

Exports. - (f.o.b.) US$30.7 billion in FY 1988 and US$24.8 billion in FY 1987. Principal markets in FY 1987: Japan (25.5 percent), and the United States (11.7 percent). Meat, wool, minerals, and sugar are principal exports. Major exports to the United States are beef and veal, ammonia, sodium hydroxide, sugar, nonferrous metal ores, and shellfish.

Trade Policy. - Selected domestic industries are protected by tariff. Certain Commonwealth countries granted preferential tariff, as are developing countries.

Trade Prospects. - Trade prospects are good for sustained or increasing level of exports, particularly for computers and peripheral equipment, mining, and heavy construction machinry, industrial instrumentation, agricultural and transport equipment, power generation and distribution equipment, metalworking equipment, and telecommunications equipment and systems.

Foreign Investment

Total cumulative U.S. direct foreign investment in 1987 was US$11 billion; U.S. share was US$9.1 billion in 1986. U.S. firms are active in automotive, chemical, food processing, mining, petroleum refining and stock raising industries. There is a U.S.-Australian double taxation agreement. About 750 U.S. firms (excluding agents) are represented in Australia.

Investment Prospects. - Australia welcomes U.S. investment, particularly in the extractive industries. The government has a Foreign Investment Review Board, which examines most foreign investment proposals of more than US$4 million. Investment in natural resources (other than uranium) should have at least 50 percent Australian equity, if available, and provide net economic benefit.

Finance

Commonwealth Government Budget. - Receipts for FY 1987-88, US$56.6 billion. Expenditures, US$52.0 billion. Anticipated surplus US$5.7 billion.

Economy

The GDP stood at US$179.3 billion in FY 1988. Per capita GDP, US$10,847 at current prices. Manufacturing contributes about 51 percent of GDP; and

agriculture, about 10 percent. Australia is the 16 largest trader in the world; its foreign trade was about US$29 billion in FY 1987.

Industry. - Australia's manufacturing industry is highly diversified. Over 27,600 establishments had a turnover of more than US$80 billion during the year ending June 1986.

Agriculture. - Of the country's total area, 5 percent is under cultivation, and 68 percent is used for grazing. Australia produces almost one-third of the world's wool and about 57 percent of the total fine-quality merino wool.

Communications. - Australia has good domestic and international communication services. End of 1987: 6.8 million telephones; almost 43,029 telexes.

Transportation. - Australia's transport system radiates from the industrial centers at the main seaports in Melbourne, Sydney, and Fremantle. These are linked by railway systems, road, coastal shipping, and air.

Power. - Electricity and gas are available in industrial regions and are being extended into rural areas. In 1986, 124 billion KWH of electricity was produced; about 70 percent generated from coal, 27 percent hydroelectricity. Natural gas supply is increasing, about one-half of crude oil is from domestic supplies.

Natural Resources

Lands. - 2,974,581 square miles.

Climate. - Warm temperatures with mild winters.

Minerals. - Valuable deposits of coal, lead, zinc, copper, iron ore, gold, silver, tin, tunsten, uranium, antimony, wolfram, bauxite, zircon, manganese, cobalt, and cadmium. Estimates are that exports of minerals will exceed US$6.0 billion annually by 1989.

Population

Size. - 16.5 million (June 1987). Highly urbanized. About 70 percent live in cities over 100,000. Growth about 1 percent annually.

Ethnic groups. - European, Asian, Aboriginal. Religions: Anglican, 28 percent; Roman Catholic, 26 percent; other Protestant, 25 percent. Languages: English and aboriginal languages. Literacy: 98.5 percent.

Labor Force. - 8.0 million, end of October 1988.

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